

Virginia Neighborhood Stabilization Program 2 – Proposal

Application Overview

The Virginia Department of Housing and Community Development (DHCD) received an allocation of \$38.7 million under the *Housing and Economic Recovery Act of 2008* to assist in the redevelopment of abandoned and foreclosed homes in areas of greatest need in the state. While this initiative, known as the Virginia Neighborhood Stabilization Program (VNSP) will significantly impact and improve targeted neighborhoods, there still remains a considerable number of foreclosed and abandoned homes that will continue to negatively impact communities in Virginia.

Ground zero for the foreclosure crisis in Virginia began in Northern Virginia, particularly in Prince William and Fairfax counties. While those markets continue to struggle with a seemingly endless inventory of foreclosed properties, the problem has unfortunately spread to other sections of Virginia. The immense suburban ring of Northern Virginia, Tidewater, Northern Shenandoah Valley, and many of Virginia's older central cities like Richmond, Lynchburg, and Roanoke are being impacted as home prices fall and the alarming number of subprime loans continues to overburden homeowners. Even rural areas where home prices were traditionally less volatile are being affected, and with scores of subprime loans that are soon to reset, these areas too are significantly at-risk.

Through this proposal, DHCD will continue its current VNSP and bring additional resources and partners to bear to address this widening problem. DHCD surveyed local governments, non-profits, Planning District Commissions, and others to determine if there was sufficient interest in aggregating demand and developing a joint proposal for funding. Based on the favorable response, DHCD is moving forward as the lead applicant for a consortium of partners across the state. This program will not only direct resources to those markets that have already been overtaken by the foreclosure crisis, but also to those "emerging" markets that are high risk and which are just beginning to experience the same patterns as those markets first impacted.

NSP2 funds in the amount of \$40,303,800 are being requested to support this effort.

Partners

DHCD has identified fifteen partners that will participate in the Virginia Neighborhood Stabilization Program 2 (VNSP2). If funded, these partners will be able to bring new resources to neighborhoods that are at risk of becoming blighted and destabilized. The participating partners, serving their locality unless otherwise noted, are:

- Center for Community Development, Incorporated (serving the Cities of Portsmouth and Newport News)
- Central Virginia Housing Coalition (serving the City of Fredericksburg and Counties of Spotsylvania and Stafford)
- Culpeper, Town of
- Danville, City of
- Fauquier, County of

- Habitat for Humanity (coordinating with local affiliates to serve the Cities of Alexandria, Bristol, Danville, Lynchburg, Manassas, Manassas Park, Martinsville, Petersburg, Roanoke, and Winchester, and the Counties of Caroline, Culpeper, Fairfax, Fauquier, Fluvanna, Gloucester, Halifax, King William, Loudoun, Louisa, Orange, Prince William, Shenandoah, Warren, Westmore, and Wise)
- James City, County of
- Loudoun, County of
- Lynchburg Neighborhood Development Foundation
- Martinsville, City of
- Newport News, City of
- Norfolk, City of
- Northern Shenandoah Planning District Commission (serving the Counties of Frederick and Warren)
- Total Action Against Poverty (serving the Cities of Covington and Roanoke)
- Suffolk Redevelopment and Housing Authority (serving the City of Suffolk)

For reference, the following organizations and programs will be utilized throughout this proposal

- *Virginia Department of Housing and Community Development (DHCD)* – The state’s community development agency that is committed to creating safe, affordable, and prosperous communities to live, work and do business in Virginia.
- *Virginia Neighborhood Stabilization Program 1 (VNSP1)* – The ongoing, \$39 million Neighborhood Stabilization program administered by DHCD.
- *Virginia Neighborhood Stabilization Program 2 (VNSP2)* – Refers to the program that is proposed for funding under the new American Recovery and Reinvestment Act.
- *Virginia Housing Development Authority (VHDA)* – The state’s mortgage finance agency, created in 1972 by the Virginia General Assembly to help low- and moderate-income Virginians attain quality, affordable housing.
- *Sponsoring Partnerships And Revitalizing Communities (SPARC)* – A low interest mortgage program available to first-time homebuyers using a Virginia Housing Development Authority (VHDA) loan product for their first trust mortgage. The interest rate on a SPARC loan is a ½% below the interest rate of the VHDA loan product used.

Rating Factor 1: Need / Extent of the Problem

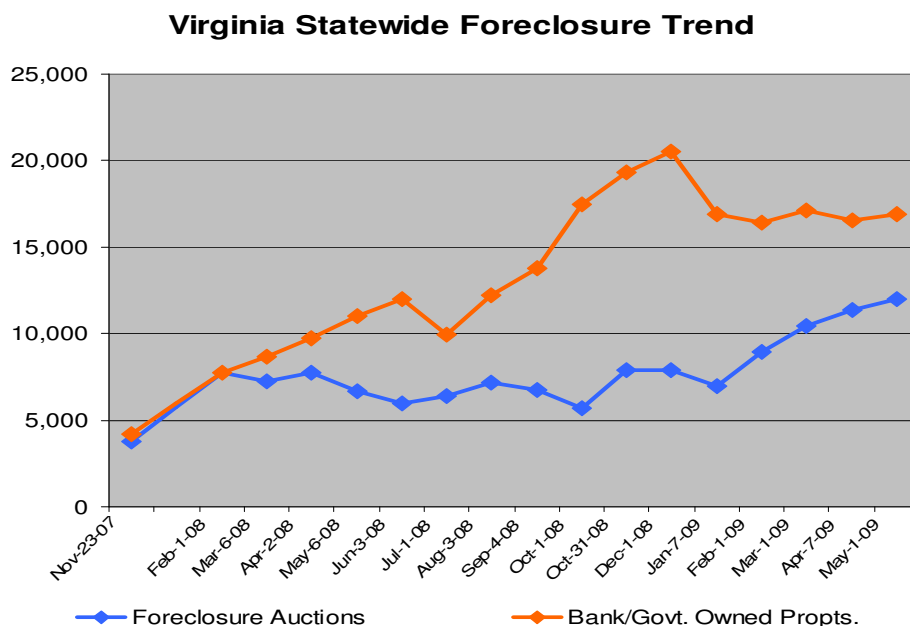
a. Target Geography

The Commonwealth of Virginia’s proposal will address those areas of the state that have been hardest hit by the foreclosure crisis. By partnering with organizations throughout the Commonwealth, this proposal will allow the state and its partners to address multiple project areas and allow those organizations that are already working in these areas to build upon their experience of local conditions.

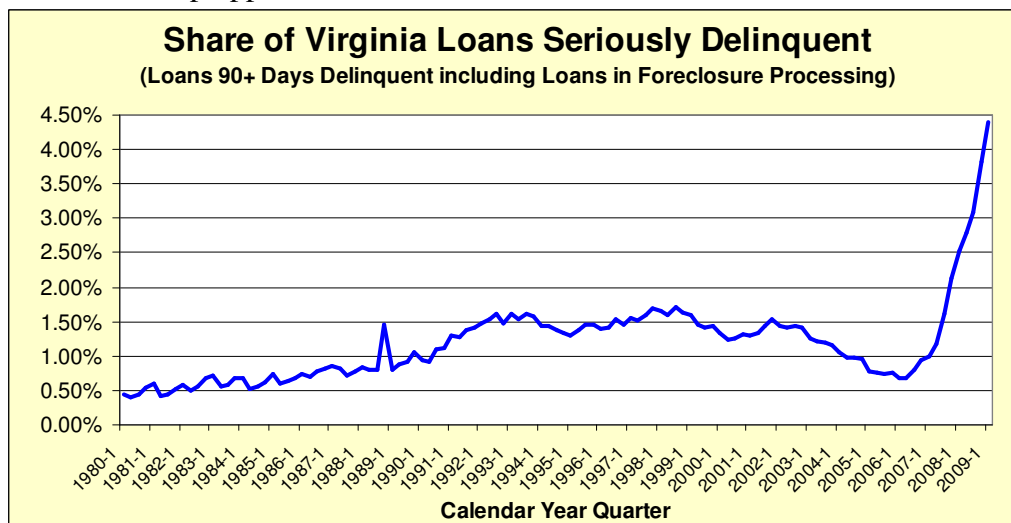
Each partner has identified Census tracts in which they will undertake NSP2 activities, as noted in *Appendix 7*.

b. Market conditions and demand factors

Virginia has been very hard hit by the foreclosure crisis. Based on an analysis of RealtyTrac data for May 2009, there was an inventory of approximately 17,000 foreclosed homes in the state, four times the amount (4,170) for November of 2007. As shown in the table below, the number of foreclosed homes and government and bank-owned properties has spiked dramatically in less than two years and unfortunately, the numbers continue to trend upward.



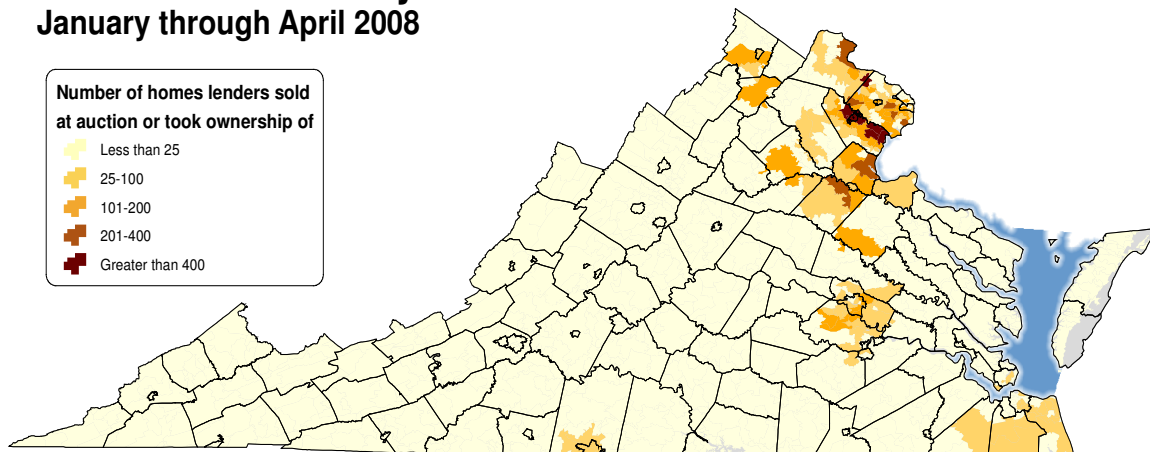
Per the *Mortgage Bankers Association*, the percent of loans seriously delinquent in Virginia continues to soar, leaving little hope that the worst is behind. The climbing number of seriously delinquent mortgages strongly suggests that even if abandoned and foreclosed properties are increasingly purchased on the private market their will be continued additions to the supply which will prevent the markets from recovering without significant intervention. Plus, this environment has spurred more speculative private investment that is weighted to creation of rental properties which may not be appropriate in many neighborhoods. The VNSP2 intends to maintain the existing character and fabric of these impacted communities and will prioritize homeownership opportunities.



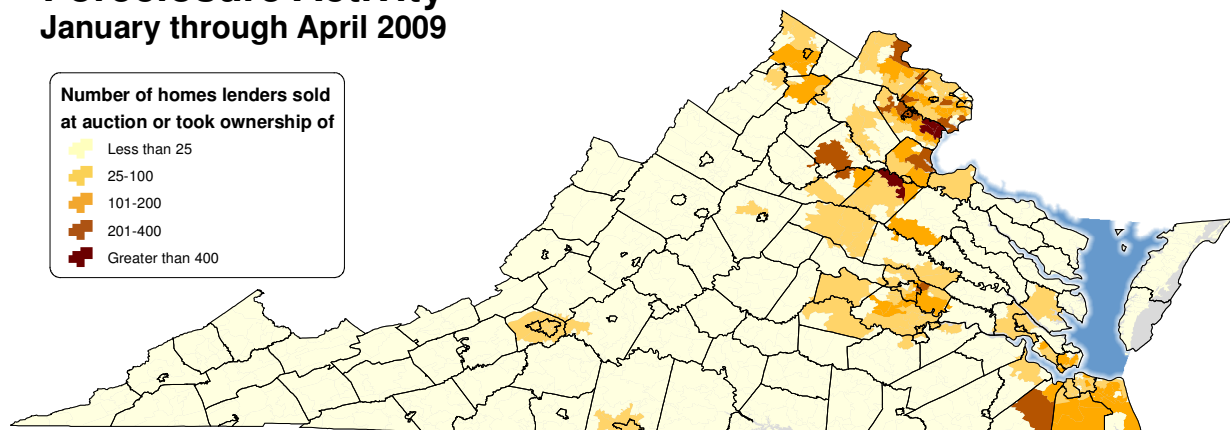
Growing Trend

In 2007, foreclosures became a problem in Northern Virginia following the onset of widespread price declines. The first wave of foreclosures was mainly adjustable rate subprime loans—a large share of which had their first payment reset between mid 2007 and late 2008. Prince William, Manassas and other submarkets with high concentrations of subprime loans were impacted first and hardest. While this proposal addresses some Northern Virginia localities, there are many other Virginia markets that are also seeing the effects of the foreclosure crisis. The pattern is staggered, with those areas “ringing” the Northern Virginia market falling next, followed by an emergence of the problem in Central Virginia, the Tidewater area, and out to some parts of Southwest Virginia. The tables below illustrate this widening problem (source: RealtyTrac).

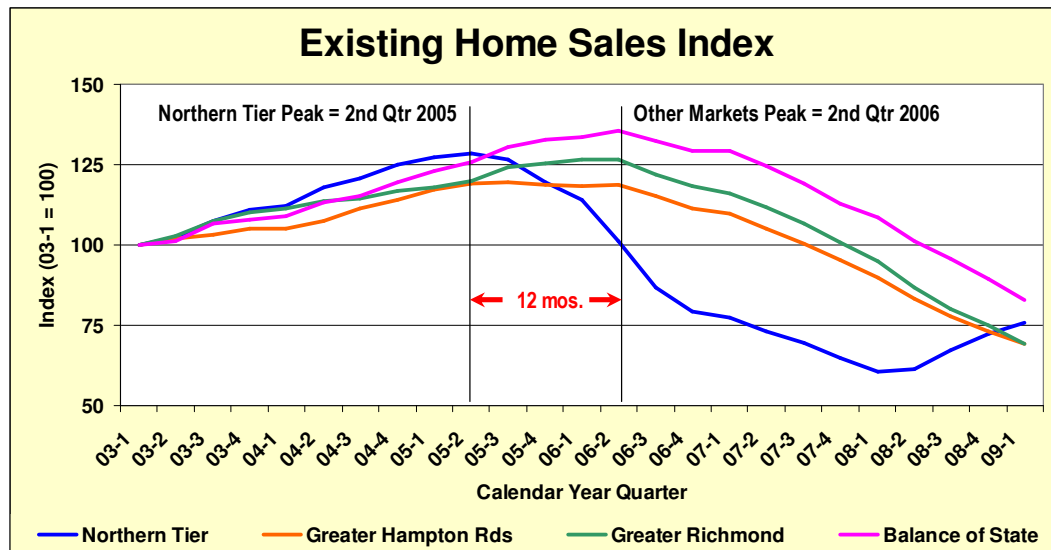
Foreclosure Activity January through April 2008



Foreclosure Activity January through April 2009



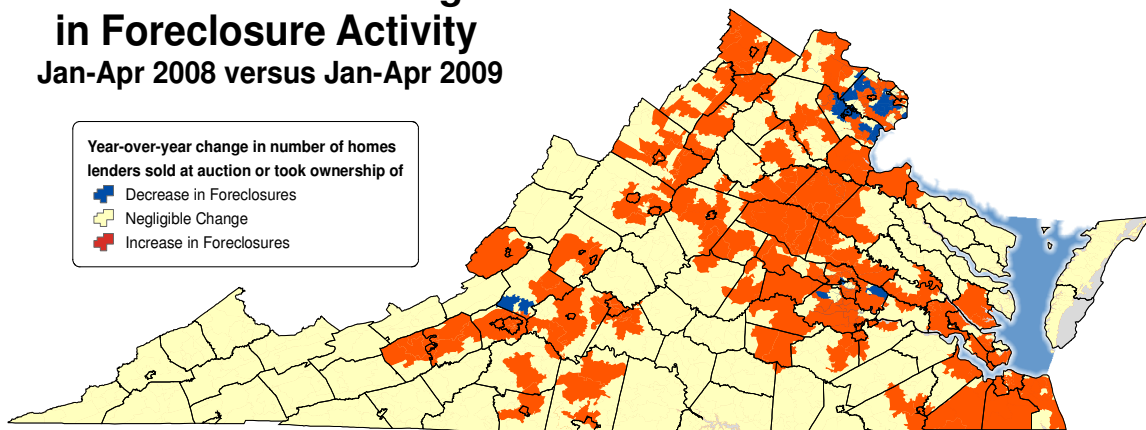
Data from the Virginia Association of Realtors further backs this pattern, demonstrating the housing decline outside of the Northern Virginia market is approximately a year behind, meaning that the trends seen in Northern Virginia are starting to be repeated in other markets. Again, this data supports the need for intervention through the VNSP2 in order to lessen the severity of impact across Virginia.



Until recently, most downstate areas with high concentrations of subprime loans experienced fewer foreclosures than Northern Virginia because their home prices remained relatively stable. However, since late 2008, downstate housing markets have seen a steep up-tick in foreclosure activity as price declines have become prevalent. Rising foreclosure rates reinforce declining home prices, creating a reinforcing cycle—consequently, foreclosures will likely continue to rise until home prices stabilize.

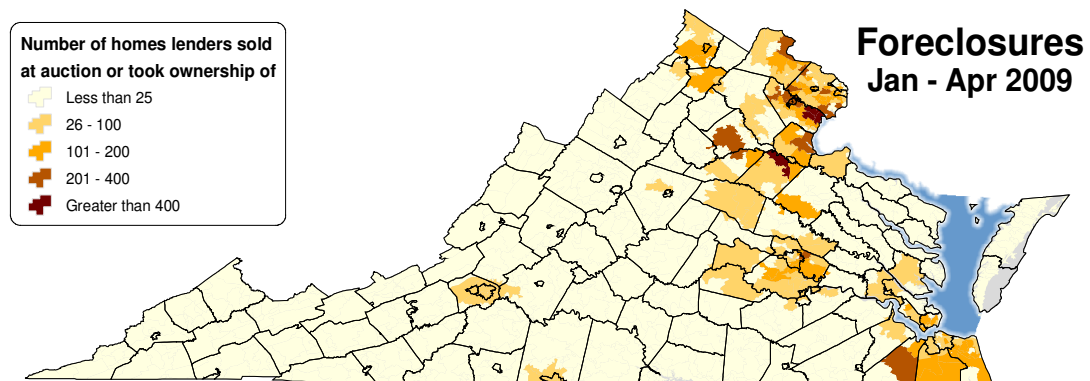
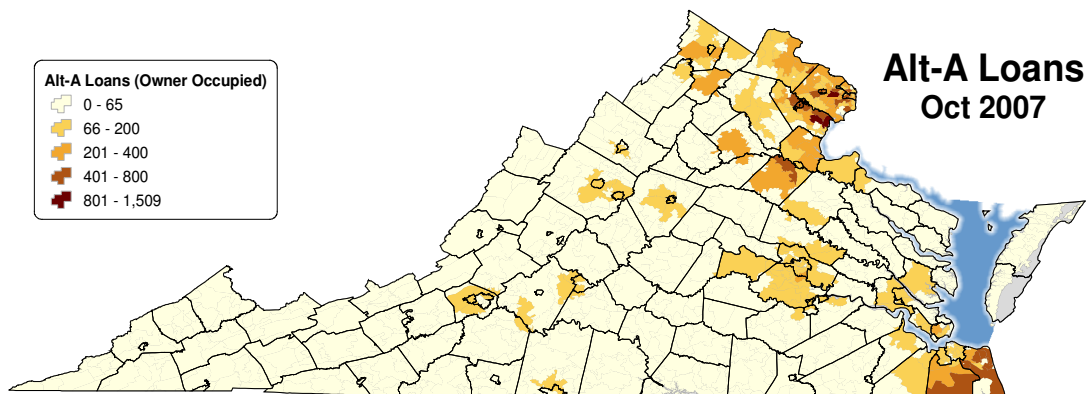
While subprime loans remain a serious problem, a second wave of payment resets is now causing “option payment ARMs” and “alt-A” loan foreclosures to rise. This wave will begin in 2009 and continue through 2011. In addition, the impact of the recession is beginning to increase default levels among borrowers with traditional fixed-rate mortgage loans. Consequently, foreclosures are no longer mainly Northern Virginia or subprime problems; they are now a broad-based issue impacting a wide array of communities and borrowers. As illustrated below, foreclosures are stabilizing in areas hard hit by defaults in 2008 but increasing in other markets—markets that will be targeted through the VNSP2. Even as markets begin to stabilize, the sheer volume of properties outweighs the current demand and, while somewhat lower, foreclosure rates remain high meaning additional properties will continually be added. Through VNSP2, resources will be available for local partners to work with interested, eligible, and qualified homebuyers to help reduce the number of empty houses and reach a point at which the private market will become re-engaged.

Year-Over-Year Change in Foreclosure Activity Jan-Apr 2008 versus Jan-Apr 2009

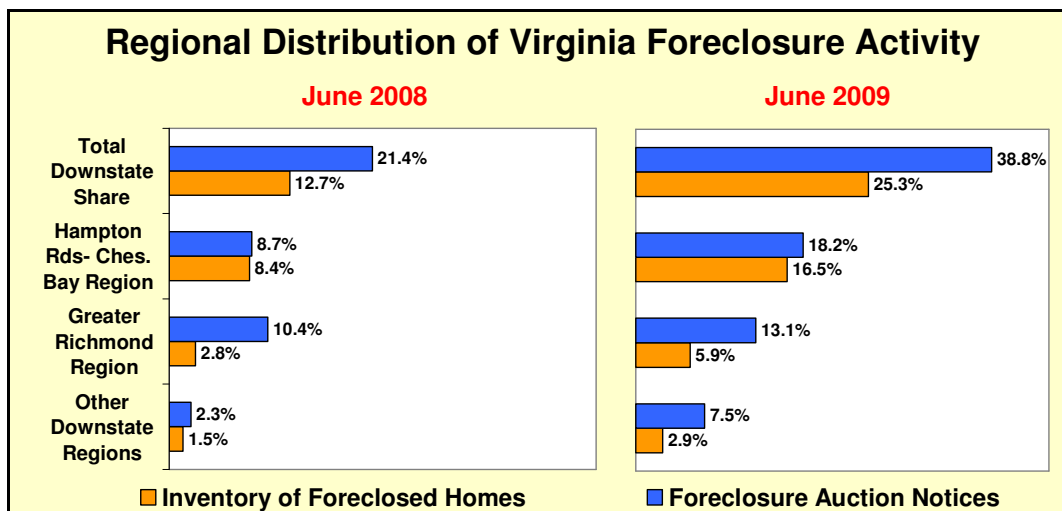


Source: RealtyTrac

Further, foreclosures in Virginia are rising in areas with “alt-A” loans. It is evident the foreclosure problem is not receding but in fact growing and spreading to many markets across the state.

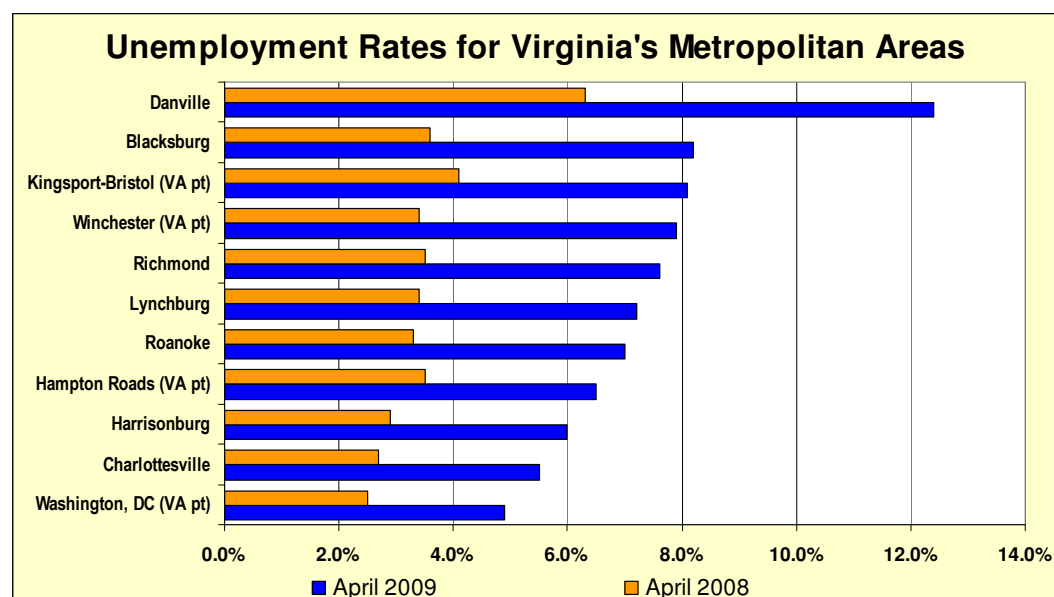


The downstate (outside of the Northern Virginia market) share of foreclosure auctions continues to rise as those markets begin to experience the same conditions as Northern Virginia.



Unemployment

Unemployment is strongly correlated with rising mortgage defaults. Usually, there is a lag between the initial rise in unemployment and an increase in default rates, because borrowers first exhaust public benefits and savings before they miss payments. There is often a longer lag between the peak in default rates and the peak in unemployment, because at the highest levels of unemployment people are out of work for an extended time. As shown below, the unemployment rate has doubled in many markets. Older central cities targeted for VNSP2, such as Danville and Lynchburg, may not on paper show a large number of foreclosed properties, however, these areas are high-risk communities that have a significant number of subprime loans, growing unemployment, and high vacancy rates. Without assistance from VNSP2, these at-risk communities will likely see an expanding list of affected properties that become a source of blight and drain on the surrounding community.



During the housing boom, steep rises in home prices allowed distressed borrowers to easily refinance their debts. This led to a falling rate of serious mortgage delinquency despite an ongoing decline in credit quality and growing levels of household debt. The reversal of home price appreciation eliminated refinancing as an “exit door”, and left distressed borrowers more prone to foreclosure.

Target Localities

The chart below, compiled from RealtyTrac data, shows the tremendous increase of foreclosed properties in almost all targeted communities. For those communities not shown to have a large number of foreclosed properties, it is important to note that these areas are generally in markets that are just starting to see the wave of foreclosures as the problem spreads beyond the Northern Virginia region. Additionally, those communities have shown to be at-risk based on their high ‘Foreclosure’ or ‘Vacancy’ score based on HUD’s methodology. This data only represents recorded foreclosed properties and should be noted that a much higher number of properties have not been formally recorded, thus this data under-reports the extent of the problem. An example of this under-reporting can be illustrated through the VNSP1, where the local partner working in the City of Bristol is preparing to purchase 8 properties (that do not appear in the numbers below) that the bank has postponed foreclosure proceedings. These properties were only discovered because of the local partner’s relationship with the City and had the VNSP1 not been available, these properties would continue to fall further into disrepair.

Locality	Inventory of Foreclosed Homes		
	Nov-23-07	May-1-09	% Increase
Prince William County	1,605	4,438	177%
Fairfax County	107	3,606	3270%
Loudoun County	717	1,503	110%
Stafford County	186	657	253%
Spotsylvania County	200	608	204%
Norfolk City	182	519	185%
Newport News City	7	329	4600%
Frederick County	92	298	224%
Portsmouth City	19	293	1442%
Alexandria City	61	277	354%
Culpeper County	59	249	322%
Fauquier County	42	233	455%
Suffolk City	29	165	469%
Caroline County	29	154	431%
Orange County	50	130	160%
Warren County	1	119	11800%
Danville City	101	106	5%
Winchester City	3	93	3000%

Fredericksburg City	12	59	392%
Louisa County	0	50	+ 50 units
Manassas City	132	39	-70%
James City County	2	27	1250%
Manassas Park City	7	11	57%
Fluvanna County	0	10	+ 10 units
Petersburg City	4	8	100%
Shenandoah County	0	4	+ 4 units
Westmoreland County	1	3	200%
Lynchburg City	3	2	*
Wise County	1	2	100%
Bristol City	1	1	0%
Gloucester County	1	1	*
Roanoke City	11	1	*
Covington City	1	0	*
Halifax County	3	0	*
Martinsville City	9	0	*

* These communities are located in more rural parts of Virginia and may have statistics that are under-reported. For example, in July 2009, Roanoke has 309 bank-owned properties, Martinsville has 6 bank-owned properties and 37 trustee sale properties, Covington has 13 trustee sale properties, Lynchburg has 90 trustee sale properties and 13 bank-owned properties, Gloucester has 101 trustee sale properties, and Bristol has 51 trustee sale properties.

b. Market Conditions – City of Fredericksburg, Counties of Spotsylvania and Stafford

The City of Fredericksburg had a loss of 318 jobs in the first two months of 2009, bringing the unemployment rate up from 7.5% in the fourth quarter to 10.4%. The County of Spotsylvania had a loss of 1,782 jobs in the first two months of 2009, bringing the unemployment rate up from 4.1% in the fourth quarter to 5.7%. Stafford County had a loss of 1,219 jobs in the first two months of 2009, bringing the unemployment rate up from 4% in the fourth quarter to 5.5%. In all three localities, the increasing number of job losses and higher unemployment rates reduce buyer confidence and demand for the purchase of homes. This reduction in demand is shown by the area's combined increase of 900 homes on the market and the 6.3% increase in average days on the market, all for the same period.

Given the trends in unemployment and job loss, and the resulting 61 fewer homes being sold across the areas versus the previous quarter, the prospect for the current stock of abandoned and foreclosed homes being absorbed over the next three years is bleak. While the area is historically a rapid growth area, that growth is expected to decrease more than 50% over the next 20 years. Average price of homes sold has decreased roughly 25-50% across the three localities, which strongly suggests an overvaluing of housing units is a significant contributor to the problem of abandoned and foreclosed properties.

b. Market Conditions – Loudon County

During the first two months of 2009, Loudoun County saw an increase of 928 housing units on the market and a decrease of 222 homes sold. The average selling price dropped almost 10% versus the same period last year and the average number of days on the market increased almost 19%. Unemployment in Loudoun County has nearly doubled over the past year (May 2008 – May 2009) from 2.7% to 5.0%. This historically expensive suburban market has seen average sales prices decrease by as much as 83% in some zip codes over the past year. In the early part of 2009 bank sale of foreclosed properties exceeded foreclosures for the first time since the start of the housing crisis; however, little ground has been gained against the unsold inventory of 700 homes. Foreclosure rates remain high at 117 per month and delinquency rates are increasing resulting in increased short sales and likely higher foreclosure rates in the near future. The market may, in time, begin to recover on its own, but it is unreasonable to suspect the current conditions will significantly turn around in the next few years without a substantial level of intervention.

b. Market Conditions – Fauquier County

Fauquier County had a loss of 827 jobs in the first two months of 2009, bringing the unemployment rate down from 4% in the fourth quarter to 5.7%. The increasing number of job losses and higher unemployment rates reduce buyer confidence and demand for the purchase of homes. This reduction in demand is shown by the increase of 210 homes on the market and the 7.5% increase in average days on the market, all for the same period.

While the trends in Fauquier County are generally negative, the lower costs of homes in the County have created a buyers market so the number of homes sold is projected to stay relatively steady. Unfortunately, the recent emergence of property purchases is extremely disproportional across the County and four of the zip codes in the County are showing a 54-88% drop in average sales price. The variation in sales statistics strongly suggests that large portions of the County will not be recovered by the private market within the next three years. Targeted intervention and stabilization activities are needed to secure these neighborhoods that will not recover from the private market.

b. Market Conditions – Town of Culpeper

The Town of Culpeper has one of the highest foreclosure rates in Virginia. While Culpeper County is showing signs of employment increase, the number of job seekers is also increasing which results in a higher unemployment rate, rising from 5.8% in the fourth quarter of 2008 to 8.3% for the first quarter of 2009. The number of homes on the market has increased by 138 during the same period while the average days on the market have increased over 19%. The conditions in the zip codes containing the Town are considerably worse than the remainder of the County, with sales price ranging from 33-85% lower than a year before and some areas where homes exceed an average of 200 days on the market.

b. Market Conditions – Counties of Frederick and Warren

Frederick and Warren Counties have neighborhoods where foreclosure problems have persisted which are the target areas of this proposal. Both markets are projected to have a continual increasing number of homes on the market and average number of days on the market. In the first two months of 2009 the two counties lost 2,872 jobs which is causing further reduction in buyer confidence.

b. Market Conditions – Cities of Portsmouth, Norfolk, and Newport News, James City County
The Hampton Roads area of Virginia is increasingly becoming hard hit by the foreclosure crisis. As discussed previously, the area lags behind the Northern Virginia market and is just now beginning to bear the worst of the foreclosure crisis, as it leads the downstate share in inventory of foreclosed homes and foreclosure notices. The neighborhoods targeted by this proposal are identified as areas with the highest level need for intervention to overcome the current crisis.

b. Market Conditions – Cities of Danville, Lynchburg and Martinsville
These older cities have high concentrations of abandoned and foreclosed properties that will be targeted under this proposal. Southside Virginia was facing severe economic times even before the foreclosure crisis and recession because of a number of industry closings that forced unemployment rates significantly higher. Many of these cities neighborhoods were already at risk from blighted and abandoned properties before the current crisis began, which further emphasizes the need for intervention before other neighborhoods fall victim to these conditions.

b. Market Conditions – City of Roanoke and Alleghany County
Data available from Realtytrac.com indicates that the Roanoke area has experienced a larger-than-usual number of foreclosure auctions in the past several months. Instances of foreclosure in the area have also increased over the past year as growing rates of unemployment begin to affect households with subprime mortgages or Option ARM and Alt-A loans. In fact, according to the latest Economic Indicator report released by the Council of Community Services, as of November 2008 the City of Roanoke had three zip codes with high numbers of foreclosures; the neediest zip code is 24017. According to an article in the January 27, 2009, Roanoke Times, foreclosure filings in the Roanoke Metropolitan Statistical Area rose 262 percent in 2008. There were a total of 301 foreclosure filings in the Roanoke MSA, an increase from 83 in 2007. Roanoke had the largest number of foreclosure filings: 184, an increase from 37 in 2007.

Alleghany County, where the City of Covington is located, has also experienced an increase in its foreclosure rates according to Realtytrac.com. Unemployment in the Alleghany Highlands is also on the rise: according to the Virginia Employment Commission, the February joblessness rate in the Highlands rose to 11%, up from 9.3% in January. That percentage rate is almost double what it was a year ago, when the rate stood at 5.8%. The Alleghany Highlands' largest employer, MeadWestvaco, has begun laying off employees because of a reduction in demand for its products. The economic health and vitality of the Alleghany Highlands, and specifically that of the City of Covington, is tied closely to the health of MeadWestvaco. If these trends continue at their current pace, it could mean that these localities will not see a slowdown or leveling-off of foreclosure rates. Indeed, it could mean that even as foreclosure rates in the northern part of the state begin to decrease, that rates in the more western and southern part of the state will continue to increase for the foreseeable future. Safe, decent, and affordable housing is one necessity that localities use to attract new businesses; blocks of vacant housing may negatively impact a potential employer's decision to relocate to the area. Turning around the decline of these homes and putting responsible, prepared homebuyers into them will have a positive impact on the area, both financially for the localities, and emotionally for the residents who are left in those neighborhoods.

Rating Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff

a. Past Experience of the Applicant – Commonwealth of Virginia

In order to accomplish the goals of this program, a talented and experienced team has been assembled. This team has an extensive track record of successful implementation of housing and community development programs, with many already participating in the initial Virginia Neighborhood Stabilization program as funded under HERA. The effort will be headed by the **Virginia Department of Housing and Community Development**. DHCD partners with Virginia's communities to develop their economic potential, increase their capacity to address community development and housing needs, improve the quality and affordability of housing, regulate Virginia's building and fire codes and provide training and certification for building officials, and invest more than \$100 million each year into housing and community development projects throughout the state.

The **DHCD Division of Community Development** will serve as the primary service delivery agent. This Division brings to bear a comprehensive mix of programs tailored to support economic development, revitalization, infrastructure improvements, housing, and other key issues associated with community development as a whole. These programs include the *Community Development Block Grant (CDBG)*, *Neighborhood Stabilization*, *Virginia Enterprise Initiative*, *Virginia Main Street*, *Virginia's Appalachian Regional Commission*, *Virginia Enterprise Zone*, and the *Virginia Individual Development Account* program. Each year, DHCD's Office of Community Development awards nearly \$20 million in CDBG funds and is currently overseeing the implementation of nearly \$39 million in NSP1 funds.

The agency has extensive experience in accomplishing activities similar to those that will be undertaken through the NSP. This is illustrated by DHCD's goal to complete 670 units of affordable housing over the next program year through programs that provide Down Payment Assistance, Indoor Plumbing (Homeowner) Rehabilitation, and which address Affordable and Special Needs Housing.

a. Past Experience of the Applicant – Local Partners, Center for Community Development, Incorporated

The Center for Community Development, Inc., (CCDI) is non-profit organization certified in the cities of Portsmouth (since 1994), Newport News (since 2003), and Hampton, VA (since 2007). CCDI is also a Virginia Department of Housing and Community Development (DHCD) certified CHDO, and has been FHA certified as a U.S. Department of Housing and Urban Development (HUD) Secondary Financier, and REO discount, HUD home purchaser since 1998.

Over the last seventeen years, over one hundred homes have been newly built or rehabilitated by the organization. CCDI has been a recipient of Federal HOME funds since 1994 and has been certified through DHCD, beginning with the Regional Loan Fund in 2003. Since its inception, CCDI has provided housing for more than two hundred and seventy citizenry. CCDI's contribution to the City of Portsmouth's tax base represents a total real estate assessment value of over \$12,547,000, and for the City of Newport News, over \$860,000.

a. Past Experience of the Applicant – Local Partners, City of Danville

The City of Danville administers the CDBG and HOME funds program, and also Virginia Housing Development Authority (VHDA) Sponsoring Partnerships And Revitalizing Communities (SPARC) funding. The City is also a recipient of Lead Hazard Control funds from DHCD.

a. Past Experience of the Applicant – Local Partners, Habitat for Humanity

Habitat for Humanity of Virginia is a non-profit organization founded in 2005. The 51 local Habitat affiliates in Virginia are 501c3 non-profit organizations, most of which were founded between 1980 and 2000. HFH of Virginia works together with 51 HFH affiliates in Virginia to provide approximately 90-130 affordable owner-occupied homes per year to families earning 25 percent to 60 percent of AMI. HFHVa administers DHCD HOME down payment assistance for the 51 Virginia Habitat affiliates, and affiliates have used more than \$3 million in DHCD down payment assistance in the past 5 years. HFHVa's Better by Design program encourages sustainable and accessible construction. So far, HFHVa has administered funds that have helped Habitat affiliates build 65 EarthCraft homes, as well as 20 accessible homes. More than half of the Habitat affiliates in Virginia have used HUD SHOP funds for land and infrastructure and have been successful in meeting those deadlines and reporting requirements, and several Virginia Habitat affiliates have partnered with their local governments on CDBG projects.

a. Past Experience of the Applicant – Local Partners, Loudoun County

The Department of Family Services, Housing and Community Development Division, has administered a number of housing finance, rehabilitation, and community development programs over the past five years in Loudoun County. The County has renovated properties with significant repair needs that included installation of indoor plumbing, roofs, siding, lead abatement, windows, floors, drywall, electrical, kitchen and bathroom repairs. The County has the capacity through their staff and programs to acquire, rehabilitate and sell eligible properties in the targeted neighborhoods.

Staff has extensive experience in identifying and placing income eligible homebuyers in properties through the Affordable Dwelling Unit (ADU) Program and the Down Payment Closing Cost (DPCC) program. The ADU program has a current wait list of over 400 and approximately 1,514 buyers have been successfully placed into homes. In addition, the ADU program has recently purchased a foreclosed property and is marketing it for resell. The DPCC program has successfully assisted 20 homebuyers in the past year.

Loudoun County has been an entitlement jurisdiction for the CDBG program for 5 years. The Loudoun County Home Improvement Program is funded by the CDBG program and has successfully renovated 20 properties in compliance with the HUD regulations for 3 years.

a. Past Experience of the Applicant – Local Partners, City of Martinsville

The City of Martinsville's Redevelopment and Housing Authority has been the recipient of three CDBGs projects with one project currently in progress. They City also receives Section 8 vouchers on an annual basis and is a VHDA Revitalization Community. Martinsville's housing programs provide owner-occupied and rental rehabilitation, acquisition and resale, downpayment assistance, education for homeownership, and new construction.

a. Past Experience of the Applicant – Local Partners, City of Norfolk

The Office of Grants Management (OMG), created in 2004, provides continuity and uniformity in the oversight of the City's HUD funded entitlement programs, as well as other federal, state and private grant resources. With this responsibility, OGM functions as a lead agency in the administration of CDBG, HOME, and ESG programs under the consolidated plan. In its lead agency capacity, OGM is responsible for the development of the Annual Action Plan and preparation of the Consolidated Annual Performance Evaluation Report (CAPER); monitoring all sub-recipients, including Norfolk Redevelopment and Housing Authority (NRHA); as well as providing training for staff and sub-recipients regarding updates to program management requirements for all HUD entitlement funding.

The City of Norfolk has more than 60 years of experience in successfully implementing conservation and redevelopment project activities, representing the City's strong commitment to restoring and stabilizing neighborhoods. The primary agency for carrying out these activities is the Norfolk Redevelopment and Housing Authority (NRHA). NRHA has been designated a "high performing" agency by HUD and its key staff members have many years of experience and expertise with implementation of the activities outlined for the Virginia NSP Program. The City of Norfolk is a CDBG entitlement jurisdiction and NRHA is the primary sub-recipient of over \$4,600,000 annually in CDBG funding to directly implement strategic neighborhood conservation and redevelopment programs.

Since its inception, NRHA has developed over 20,000 housing units, used over 100 bond issues to develop an additional 5,600 new and renovated housing units; carried out program activities for 20 redevelopment projects; managed program activities for 18 neighborhood conservation plans and have provided financial assistance in an amount of \$77,200,000 to assist Norfolk's property owners to rehabilitate their properties.

a. Past Experience of the Applicant – Local Partners, Northern Shenandoah Valley Regional Commission (NSVRC)

The NSVRC staff is experienced in administering CDBG funded projects and currently administers the HOME Consortium Program. NSVRC has assembled a team of organizations well positioned to respond to the current volume of foreclosures in their region. Community Housing Partners and Habitat for Humanity of Winchester Frederick County will work in Frederick County, and People, Inc will work in Warren County. Each of the organizations are experienced nonprofit housing developers and their combined staff have skills in property acquisition, housing rehab, homebuyer counseling and preparation and sale. Each of the organizations are certified CHDOs in the Northern Shenandoah Valley and have demonstrated a positive track record.

Community Housing Partners is a nonprofit organization based in Christainsburg and has been active in the Northern Shenandoah Valley for many years. CHP administers the Weatherization program, manages rental property and has developed several homeownership opportunities recent years.

Habitat for Humanity is a local nonprofit organization that has specialised in infill housing development for low income first time homebuyers. Habitat for Humanity staff have experience in housing rehab as well as new construction and has strong support from the local community.

People Incorporated is a nonprofit housing developer and recently designated Community Action Agency in several counties of the Northern Shenandoah Valley (Page, Frederick, Shenandoah, and Warren). People Inc is currently rehabilitating an 80 unit apartment complex in Woodstock Virginia.

a. Past Experience of the Applicant – Central Virginia Housing Coalition

The Central Virginia Housing Coalition (CVHC) was incorporated in Fredericksburg, Virginia as a non-profit, charitable organization in 1988. The first program, Lend-A-Hand, was developed to assist families living in motels who were unable to garner enough money for a security deposit to move to permanent housing. This program is still in existence today. Lend-A-Hand is partially funded by Community Development Block Grant (CDBG) funds from the City of Fredericksburg, and private donations provide dollars for families from the surrounding counties.

CVHC is a CHDO and has been engaged in several revitalization projects, including the renovation and resale of eight townhouses in the City of Fredericksburg and the GAL-2 program (Give a Little-Give a Lot). This latter infill program encouraged builders and developers to donate or discount lots to CVHC for construction of affordable housing. CVHC built four homes and utilized the Virginia Housing Development Authority (VHDA) Single Family Regional Loan Fund to finance eligible first-time homebuyers. CVHC has received funding through the SPARC program through four funding rounds and will apply for SPARC funds in 2009.

CVHC's Affordable Homes program purchased HUD foreclosures for renovation and resale to income eligible first-time homebuyers. During its operation, this program helped over two hundred families purchase homes throughout the planning district. CVHC also administers the Indoor Plumbing and Rehabilitation (IPR) program which allows families without indoor plumbing access to low cost repairs and/or installation.

a. Past Experience of the Applicant – Local Partners, Town of Culpeper

The Town of Culpeper, through the Department of Planning and Community Development is in development of a NSP1 grant. Previously, the Town was awarded a 2006 Community Improvement Grant, and completed a successful 1997 downtown façade grant which revitalized the downtown area into a thriving downtown retail and shopping destination.

a. Past Experience of the Applicant – Local Partners, Fauquier County

Fauquier County has experience with CDBG grants and administering a first-time homebuyer program utilizing SPARC funds. The County also currently manages some residential rental property. The County has a long-term relationship with local nonprofit housing entities, including **Fauquier Housing Corporation** (FHC), which will serve as rehab specialist for NSP.

FHC has been in operation for 36 years, providing affordable housing in Fauquier County. It operates an indoor plumbing repair and emergency repair programs and has developed and managed much of the County's dedicated affordable housing stock.

a. Past Experience of the Applicant – Local Partners, James City County

The James City County Office of Community Development (OHCD) has extensive experience in working with the private sector including rehab contractors, builders, developers, appraisers, attorneys and lenders as well as government agencies and non-profits. OHCD has undertaken a number of neighborhood projects which have required the acquisition of improved and unimproved property, including two redevelopment projects. The most recent neighborhood revitalization project administered by OHCD included acquisition of 40 parcels in the Ironbound Square Redevelopment Area. OHCD has completed several hundred rehabs in James City County with financing from a variety of loan and grant programs provided by DHCD, VHDA, USDA, and HUD. The Office, through its Affordable Housing Incentive Program (AHIP) has since 1991 provided homebuyer education and special reduced rate financing and/or downpayment assistance to over 450 first time homebuyers. OHCD through its AHIP program, Home Purchase Savings Program, Employer Assisted Housing Program and related homeownership assistance programs has extensive experience working with lenders and a wide variety of mortgage loan and down payment assistance programs provided by VHDA, DHCD, USDA, and the Federal Home Loan Bank of Atlanta. OHCD has experience assisting buyers below 50% of median income to purchase home including partnering with Habitat for Humanity, the Section 8 Family Self Sufficiency Program and offering matching savings grant programs.

a. Past Experience of the Applicant – Local Partners, Total Action Against Poverty (TAP)

TAP is a non-profit community action agency that has been in operation since 1965. Through the VNSP2, TAP will provide services to the City of Roanoke, the City of Covington, and the Town of Clifton Forge. TAP is a HUD-approved housing counseling agency and offers the VHDA-approved homebuyer education class and foreclosure prevention and loss mitigation services. In existence since 2004, its development department has accumulated extensive experience in the realm of development, resale, and rental of units. TAP acquired the Terrace Apartments in June 2005 for roughly \$3.8 million and an extensive \$38 million renovation to the complex is nearly complete. TAP's Development department has also undertaken renovations of five houses in Clifton Forge, as well as the renovation of one structure and construction of three new houses in the Hurt Park neighborhood of the City of Roanoke, all to be sold to first-time homebuyers at 80% or below the AMI after completion. Construction and renovation of the homes in Hurt Park are being done with CDBG entitlement funds from the City of Roanoke. TAP also administers YouthBuild, an educational training program funded by the U.S. Department of Labor.

Outside of the development department, TAP's rehabilitation experience includes the administration of an Indoor Plumbing Rehabilitation Program, an Emergency Home Repair Program that operates within the City of Roanoke and the non-entitlement communities in TAP's service area, and a Weatherization Program. Last year alone, TAP served a total of 244 families through these programs: 194 through weatherization, 43 through Emergency Home Repair, and 7 through its IPR program.

a. Past Experience of the Applicant – Local Partners, Lynchburg Neighborhood Development Foundation (LNDF)

LNDF has worked for years with DHCD in housing finance and development, primarily through the administration of the Single-Family Regional Loan Fund, and now with the Downpayment Assistance Program that is used in conjunction with SPARC. This latter program has been employed by LNDF in the Central Virginia region since its inception. LNDF also has participated in the Low-Income Housing Tax Credit program through VHDA and is in pre-development of its third, scatter-site rental housing project in Lynchburg. Additionally, LNDF has managed funds either directly from HUD or through the City of Lynchburg in its programs.

a. Past Experience of the Applicant – Local Partners, Combined Experience

Combined over the past two years, the local partners have acquired approximately 172 properties, rehabilitated approximately 1,032 housing units, and sold close to 250 properties. Additionally during the past two years, over 1,000 clients have become homeowners as a result of participation in the local partners' programs.

In addressing the partners' ability to continue to move clients towards homeownership and speak to their capacity to work in the NSP, combined over 900 persons are enrolled in their homeownership programs, with close to 300 already pre-qualified, nearly 250 that will complete the homeownership programs within 6 months, and nearly 270 that will complete the homeownership programs within 12 months.

b. Management Structure – Commonwealth of Virginia

As previously discussed, DHCD will assume the leadership of this program. To facilitate implementation across the Commonwealth, DHCD has secured partnerships with experienced, local administrators. A brief profile of the primary DHCD and local partners is presented below.

William C. Shelton – Director

Bill Shelton has served as Director of the Virginia Department of Housing and Community Development since 1998 and is responsible for the management and policy oversight of the agency, which provides community development and housing program support to communities across the Commonwealth. Bill works closely with the Secretary of Commerce and Trade and with the Governor to advise on community development, economic development, affordable housing, and state uniform building code issues. Bill is an ex-officio member of the Board of Commissioners of the Virginia Housing Development Authority and serves on the board of Virginia Community Capital, Inc., the Commonwealth's newly created community development bank. Bill also serves as the Governor's state alternate for the Appalachian Regional Commission.

Todd Christensen – Deputy Director, Division of Community Development

Mr. Christensen's responsibilities include the Community Development Block Grant, Neighborhood Stabilization Program, Appalachian Regional Commission, Indoor Plumbing Rehabilitation, Main Street, and Community Capacity Building programs, along with the Enterprise Initiative, Virginia Individual Development Accounts and Rural Broadband Planning Initiative. Todd was instrumental in the development of several innovative initiatives, such as The Crooked Road, Virginia's Heritage Music Trail and 'Round the Mountain: Southwest Virginia's Artisan Network. In 2003, he received the Governor's Agency Star Award, presented

to the one state employee each year whose achievements most exemplify the mission of their agency.

Denise Ambrose – Associate Director, Division of Community Development

As Associate Director for the Project Management Office, Ms. Ambrose manages the implementation of the state's Community Development Block Grant, Neighborhood Stabilization Program, Appalachian Regional Commission, and Indoor Plumbing / Rehabilitation Programs as well as various community and economic development initiatives. Projects in these Programs are wide ranging and involve efforts such as affordable housing development, community development venture capital funds, downtown revitalization, innovative Self-Help water projects and telecommunication deployment.

Chris Thompson – Program Manager, Division of Community Development

Chris is a Project Manager in the Project Management office where he provides upfront project development assistance to local governments, non-profits, and other qualifying organizations in identifying community and economic development needs and developing strategies to address those needs. Mr. Thompson helps to develop program designs, applications, workshops, and other materials for special projects, such as the Virginia Rural Broadband Initiative, Disaster Recovery Program, and Supplemental Housing Loan Program. Chris will continue to work with VNSP grantees as they develop their individual programs.

Cheri Miles – Policy Analyst, Division of Community Development

Ms. Miles has over 20 years in the mortgage industry working in loan processing, closing, underwriting, and origination. She has completed Financial Strategies Mortgage Lending Law in North Carolina, Illinois, and Maryland. Cheri is certified as a Comprehensive Certified Housing Counselor, Pre Purchase Homeownership Educator & Facilitator, Post Purchase Homeownership Educator and Facilitator, Family Self Sufficiency Specialist, Voucher Homeownership Counselor, Foreclosure and Loss Mitigation Counselor, Money Smart Facilitator, and Credit Recovery Specialist. Ms. Miles will continue to provide technical assistance for local partners and help develop internal policies for VNSP.

Joanne Peerman – Program Manager, Division of Community Development

Joanne and her staff of eight Community Representatives work with implementing projects once they are funded by DHCD. These projects include Community Improvement Grants, Community Economic Development Grants, Neighborhood Stabilization, HOME/Indoor Plumbing Program, Flood Recovery and Disaster Programs and other special projects. With an extensive background in Community Development she has worked in local government, quasi-government and state government. Joanne's responsibilities include internal and external training and technical assistance; insuring grantees meet the requirements to enter into a contract with DHCD; state and federal compliance monitoring during contract period; and, the closing out of contracts making certain that outcomes have been achieved on time, within budget.

Doug Ellis – Community Representative, Division of Community Development

Doug will serve as the point of contact for VNSP2 grantees. He has worked with recipients of VNSP1 planning grants and now works with VNSP1 grantees to ensure they have a direct link to DHCD and receive appropriate guidance and technical assistance, prompt responses to issues

that develop, and expedient handling of draw down requests. He will also work with the grantee management teams as needed and monitor the grantee for compliance with NSP requirements.

Additional Community Representatives from Ms. Peerman's staff will be assigned to VNSP2 grantees as needed to ensure timely and appropriate responses are always available from DHCD.

Diane Allen – Financial Analyst, Division of Community Development

Ms. Allen assures that sound financial management practices are being employed by DHCD, local government grantees, and non-profit organizations. Diane does this through tracking and monitoring the expenditures of funds for compliance with GAAO, HUD laws and regulations, and applicable State and Federal requirements.

b. Management Structure – Local Partners, Center for Community Development, Incorporated

Bruce AsBerry – President

As President, Mr. AsBerry is currently responsible for the direction and implementation of the business affairs of the Center for Community Development, Inc. Mr. AsBerry received the SBA(f) Small Business Minority Champion Award for Virginia in 2005 and under his leadership, in 2007, CCDI was the first non-profit recipient of a United States Department of Agriculture (USDA) Intermediary Lending Program in Virginia, for a period greater than seven years. Mr. AsBerry joined CCDI in June 1994, bringing over 20 years of combined Human Service and Human Resources management and consultant experience

Kimberly R. Williams – Program Manager

Ms. Williams, a certified Housing Development Finance Professional is currently responsible for managing CCDI's Affordable Housing Program. Kimberly is the project manager for all housing construction and she serves as the organizational liaison with the City of Portsmouth with regards to the Federal Home Investment Partnerships (HOME) Program. Ms. Williams is also a credit counselor for CCDI's potential First Time Homeowners. Grant Administration duties will be carried out by Ms. Kimberly Williams

Stephen Hagwood – Site Manager

Mr. Hagwood serves as a project manager for construction and conducts Homeownership Outreach meetings at various sites for potential First Time Homebuyers. Acquisition and Rehab Specialist duties will be shared by Ms. Williams and Mr. Steve Hagwood.

CCDI has ongoing partnerships with The Urban League of Hampton Roads, Newport News Redevelopment and Housing Authority, The City of Portsmouth, and various churches in both Portsmouth and Newport News to ensure that a strong pool of applicants have an opportunity to take advantage of this program. The Urban League, a certified Housing Counseling Agency and the Housing Authority will conduct homeownership counseling for potential clients.

b. Management Structure – Local Partners, City of Danville

Gerald L. Fischer – Community Development Director

Mr. Fisher has more than 30 years of local community development experience. He oversees a department of 26 employees in the Divisions of Planning, Housing and Development, and Inspections. Jerry currently serves on committees for the Virginia Housing and Development

Authority and the Virginia Community Capital, Inc. and the Board of the Downtown Danville Associates.

Dianne W. Morris – Housing and Development Director

Ms. Morris has more than 20 years of local community development experience and currently oversees a division of six and directly administers the CDBG and HOME programs. The housing programs are administered in-house.

The City has in-house, experienced staff that will also directly work on the VNSP to provide work rehab specialist, estimator, and inspection duties. Additional partners, including the Danville Redevelopment and Housing Authority and Telamon Corporation will help ensure the success of this program. Telamon Corporation is a recipient of SPARC mortgage funds and City of Danville CHDO funds as well as DHCD CHDO funds. Telamon also is a HUD approved housing counselor.

b. Management Structure – Local Partners, Habitat for Humanity

Overton McGehee – Executive Director

Mr. McGehee serves as the Executive for the Virginia Habitat for Humanity. In this role, Overton helps to support, strengthen and enable Virginia affiliates so that they can build or facilitate affordable housing. The state organization works with 51 local Habitat affiliates across Virginia in the areas of advocacy, organizational development, and funding & resource development. Mr. McGehee will work with the designated local Habitat affiliates to ensure that the program is successfully implemented. Overton's team includes staff that will provide rehab specialist, inspection, compliance, and monitoring support to the 18 local affiliates.

b. Management Structure – Local Partners, Loudoun County

Kelly N. Marrocco – Grant Administrator, Home Improvement and NSP Program Manager

Ms. Marrocco manages Loudoun County's Home Improvement Program and Neighborhood Stabilization program (as funded through the initial VNSP1). Ms. Marrocco will oversee the daily operations, compliance and monitoring of the projects.

Jan Boothby – Grant Consultant

Ms. Boothby manages the CDBG program for Loudoun County. Prior to joining Loudoun County she worked for over 25 years in Fairfax County with the CDBG and other grant programs. Ms. Boothby will advise and monitor aspects of the NSP Program for compliance.

Jimmy Kimbrough – Construction Technician

Mr. Kimbrough will conduct the inspections and oversee the rehabilitations on all units purchased by the County. He possesses a Home Inspection, Lead Safe Training, and LEEDS Training certifications.

The County will also utilize other trained staff to perform other responsibilities under the VNSP, including property acquisition, housing counseling by trained and certified staff, legal services, and loan services. The County has established relationships with local banks and is negotiating with two non-profits to work with the populations at or below 50% AMI.

b. Management Structure – Local Partners, City of Martinsville

Wayne D. P. Knox – Project Manager

Mr. Know is the Director of Community Development for the City of Martinsville. Wayne has experience in managing CDGB projects along with various neighborhood revitalization projects during the past 30 years, including recent CDBG projects involved the Massey / Endless, Moss/ Barton, Southside, and Cherry Street. Commercial Corridor projects include the West Church Street.

b. Management Structure – Local Partners, City of Norfolk

Acquanetta Ellis – Assistant Director of Planning and Community Development.

Ms. Ellis has a long and broad background in housing and community development, including serving as the Manager of Development Operations with the Norfolk Redevelopment and Housing Authority. Ms. Ellis is responsible for management and oversight of the Office of Housing and Neighborhood Design and Resource Center. Ms. Ellis has an accomplished history in neighborhood planning and plan implementation, program development and administration, community outreach and engagement, affordable housing and homeownership.

Stephen Blair – Director of Programs for Norfolk Redevelopment and Housing Authority (NRHA). Mr. Blair has over thirty years experience in local government and private consulting. His responsibilities include the management of the agency's homeownership activities under the HOME and HOMENet Programs; the development of budgets and programs for the Development Division to include coordination of NRHA's Community Development Block Grant funded initiatives as well as the Environmental Regulation Review Program.

LaShawn Fortes – Program Manager for NRHA's HomeNet Homeownership Center.

Ms. Forts has assisted over 400 low-to-moderate families obtain their goal of homeownership with a success rate of zero foreclosures. LaShawn has also applied and received over \$11 million in State and Federal housing resources. LaShawn is also a licensed Realtor in the State of Virginia.

Judy Haller – Director of Rehabilitation for NRHA

Ms. Haller has over 30 years experience in the program administration and financing for the rehabilitation of existing owner-occupied and investor residential properties within the City of Norfolk. As Director of the Rehabilitation Services Department for Norfolk Redevelopment and Housing Authority for the past 3 years, she directs the operations of the department which includes marketing, financing and construction specification and inspection activities. Ms Haller maintains the NRHA tax exempt bond portfolio, serves on many committees and is instrumental in creating and modifying rehabilitation programs to meet the housing needs of Norfolk's neighborhoods.

The City has obtained commitments from other local partners to assist in the program through the provision of appraisal services and housing and mortgage consultation through local banks and

b. Management Structure – Local Partners, Northern Shenandoah Valley Regional Commission

Martha Shickle – Program Manager

Ms. Shickle has experience in managing affordable housing programs including CDBG, HOME and Homeless Continuum of Care and will provide general oversight for the neighborhood stabilization program.

The NSVRC will partner with Community Housing Partners, Habitat for Humanity of Winchester Frederick County and People, Incorporated to implement the program in both Warren and Frederick Counties. Each of these organizations has an excellent track record of providing quality affordable housing opportunities and are actively supported by the local jurisdictions and the HOME Consortium.

Community Housing Partners (CHP) has worked in the Northern Shenandoah Valley since 1985. During that time, CHP completed over 7,000 weatherizations; 50 indoor plumbing rehabs; produced 82 rental units; and provided homebuyer education and counseling to families that purchased 12 homes. CHP was recently awarded \$210,000 in HOME funds from the HOME Consortium to provide purchase assistance to qualified homebuyers of foreclosed homes made available through NSP. CHP is a certified housing counseling agency and has a licensed Real Estate Broker on staff, giving it access to the MLS for enhanced sale and acquisition opportunities. **Janaka Casper**, President/CEO is the main point of contact for CHP.

Habitat for Humanity of Winchester-Frederick County is experienced in affordable homeownership development in Winchester, Frederick and Clarke Counties. Since 1997, the affiliate has developed 33 homes for purchase in Winchester; 2 in Frederick County (4 are underway in Stephens City) and one home in Clarke County. **Cheryl Connolly**, Executive Director is the main point of contact for Habitat for Humanity. She is facilitating coordination with the Habitat affiliates in Shenandoah and Warren Counties, as well as Habitat of Virginia.

People, Incorporated has been designated the Community Action Agency in Frederick, Page, Shenandoah, and Warren Counties. People, Inc has significant experience in administering affordable housing and community development projects and is a certified housing counseling agency and will play a critical role in preparing homebuyers for purchase through NSP. **Rob Goldsmith**, Executive Director is the main point of contact for People, Inc.

b. Management Structure – Local Partners, Central Virginia Housing Coalition

Mary Anne Bryant – Housing Programs Manager

Ms. Bryant will serve as the regional Grant Administrator for the VNSP. Ms. Bryant is Deputy Director at Central Virginia Housing Coalition and has been the administrator of the loan and down payment assistance programs since joining CVHC in 2001. Ms. Bryant is responsible for administration of the Lend-A-Hand Program, and coordination of counseling activities when required. Ms. Bryant conducts marketing and outreach activities, pre-qualifies applicants, provides counseling activities including the VHDA Homeownership Education class and coordinates with Project Management staff on the construction of the homes. Ms. Bryant coordinates financing for buyers and executes contracts for sale of homes.

Alan Moore – Property Manager

Mr. Moore has been employed in the home repair/renovation business for twenty-eight years. Mr. Moore has completed all phases of projects such as additions, finished basements, kitchen

and bathroom remodels, roofing, siding and window replacement both on his own and with hired help. Mr. Moore prepares estimates and completes general repairs and maintenance on various projects. Alan is also responsible for identifying preventative maintenance and repair needs and directing the activities of the maintenance staff.

Central Virginia Housing Coalition (CVHC) will continue their current partnership with DHCD in administration of NSP activities in the City of Fredericksburg and Counties of Stafford and Spotsylvania. As such CVHC will continue to utilize existing partnerships with local lenders and with Quin Rivers (a local nonprofit) to provide additional housing and credit counseling to eligible buyers. **Laura Morgan** will be the primary contact for Quin Rivers.

b. Management Structure – Local Partners, Town of Culpeper

Bryan Hill – Town Planner

Mr. Hill has served as project administrator on previous CDBG grants and currently on the NSP1 planning grant. Bryan will oversee implementation and monitoring.

Hank Milans – Construction Inspector

Mr. Milans currently serves on the NSP1 Management Team (as part of funding through DHCD) and provides guidance with his knowledge of inspections and the building code. Hank will take inventories of houses in the project area and will provide inspection services.

Sam Aitken – Housing Counselor, Culpeper Community Development Corporation

Mr. Aitken will serve as the HUD-certified housing counselor during implementation of the program

Local mortgage banks and real-estate firms that are partnering for VNSP1 will continue to provide services to potential clients.

b. Management Structure – Local Partners, Fauquier County

Anthony Hooper – Deputy County Administrator

Mr. Hooper is leading the County's partnership with DHCD under VNSP1 and also brings past experience with CDBG and first time homebuyer program management to the team.

David Cooper – Building Official

Mr Cooper will provide expertise in building code compliance and permitting.

Judy Risdon – Management Analyst

Ms. Risdon is providing homebuyer pool development and will coordinate the homeowner counseling component.

Christopher Moyles – Rehab Specialist for Fauquier Housing Corporation

Mr. Moyles will provide rehab specialist services for VNSP1 and VNSP2. Chris has prior experience with administration of DHCD and VHDA housing programs and affordable housing development and rehabilitation.

A team of partners that are involved in the execution of VNSP1 for the County will also provide lending expertise, acquisition services, and homeownership counseling.

b. Management Structure – Local Partners, James City County

Rick Hanson – Director of Housing and Community Development

Mr. Hanson has extensive housing and community development program development, and project management experience. Included in his accomplishments are the successful completion of numerous CDBG projects in partnership with DHCD.

Marion Paine – Community Development Planner

Ms. Paine's experience includes property acquisition, property management, relocation assistance, blight abatement, and project management, including closeout of two CDBG grants.

Keith Denny – Housing Project Coordinator

Mr. Denny is a certified housing rehab specialist, certified HQS inspector, and certified home inspector. His experience includes extensive housing rehab and project management experience including closeout of one CDBG grant and one Virginia Department of Emergency Management hazard mitigation grant project.

Shirley Johnston – Housing Program Coordinator

Ms. Johnston has extensive experience with homebuyer counseling and referral as well as Homeless Intervention Program and Section 8 program administration. Shirley is a certified housing counselor and foreclosure prevention counselor.

Amy Driscoll – Housing Specialist

Ms. Driscoll is experienced in qualifying rehab clients and administering rehab funds and she is also a certified housing counselor.

b. Management Structure – Local Partners, Lynchburg Neighborhood Development Foundation

Laura Dupuy – Executive

Ms. Dupuy is an attorney and has directed LNDF since 1995. She will lead the VNSP1 and VNSP2 program.

Al Maddox – Construction Supervisor

Mr. Maddox is a class-A contractor who manages single-family construction / renovation and the development of rental projects.

Denise Crews – Project Manager

Ms. Crews provides intake, counseling, underwriting. Denise is a certified housing counselor who currently manages mortgage and financing programs as well as the Lynchburg Community Loan Fund.

Lynchburg Neighborhood Development Foundation will partner with other local organizations to implement the VNSP in the City of Lynchburg. These partners include the local **Lynchburg Habitat for Humanity** that will play a major role in the redevelopment and financing for the houses, **Rush Homes**, who develops rental housing for disabled persons, and **Lynchburg**

Community Action Group (LynCAG), which possesses a strong history of home renovation, weatherization and services to low to moderate income individuals. LynCAG is a CHDO and has acquired, rehabilitated and resold houses through its program. LynCAG also supports a housing counseling staff who will be working in partnership with two other organizations in the intake, screening and counseling of applicants to NSP. **Virginia's Region 2000 Local Government Council** will serve as the project administrator. They serve as the Planning District Commission for the region and have a solid record of administering a variety of grants, including CDBG. Executive Director **Gary Christie** will be the main point of contact. **Lynchburg Redevelopment and Housing Authority** (LRHA) has multiple tools to bring to the project and has responded to the coalition's request to share geographic focus in their work to support the targeted neighborhoods and **Rebuilding Together - Lynchburg** will bring their resources to current homeowners in the neighborhoods in which the coalition seeks to apply VNSP funds. Both of these partners contribute to the overall needs of the neighborhoods in which we will work.

b. Management Structure – Local Partners, Total Action Against Poverty

Angela Penn – VP of Development

Ms. Penn has over 12 years of knowledge and experience in planning, development, and outreach. Angela currently oversees the agency's affordable housing development initiatives, including the Terrace Apartments and the construction/rehabilitation of twelve single-family homes.

Lee Lovern – Construction and Trades Manager

Mr. Lovern has been a Class A contractor for 5 years and has the following certifications from the International Association of Certified Home Inspectors: roofing inspection, electrical inspection, structural issues, and green building; he also holds a certification from for National Builders Institute. Mr. Lovern is responsible for determining project scopes of work, receiving and reviewing bids from contractors, applying for all necessary permitting, communicating with contractors to resolve problems, and supervision of progress on job sites

Curtis Thompson – Director of TAP's Financial Services

Mr. Thompson conducts small business trainings for entrepreneurs interested in starting a business, manages the business portfolio of TAP's Community Development Financial Institution (CDFI), serves as a liaison to the financial community, and helps to develop new financial programs and recruit appropriate partners. He will act as one of the financial advisors to the project and be able to provide mortgages to interested, eligible clients through TAP's CDFI.

Owen Schultz– Vice President of Resource Development and Planning

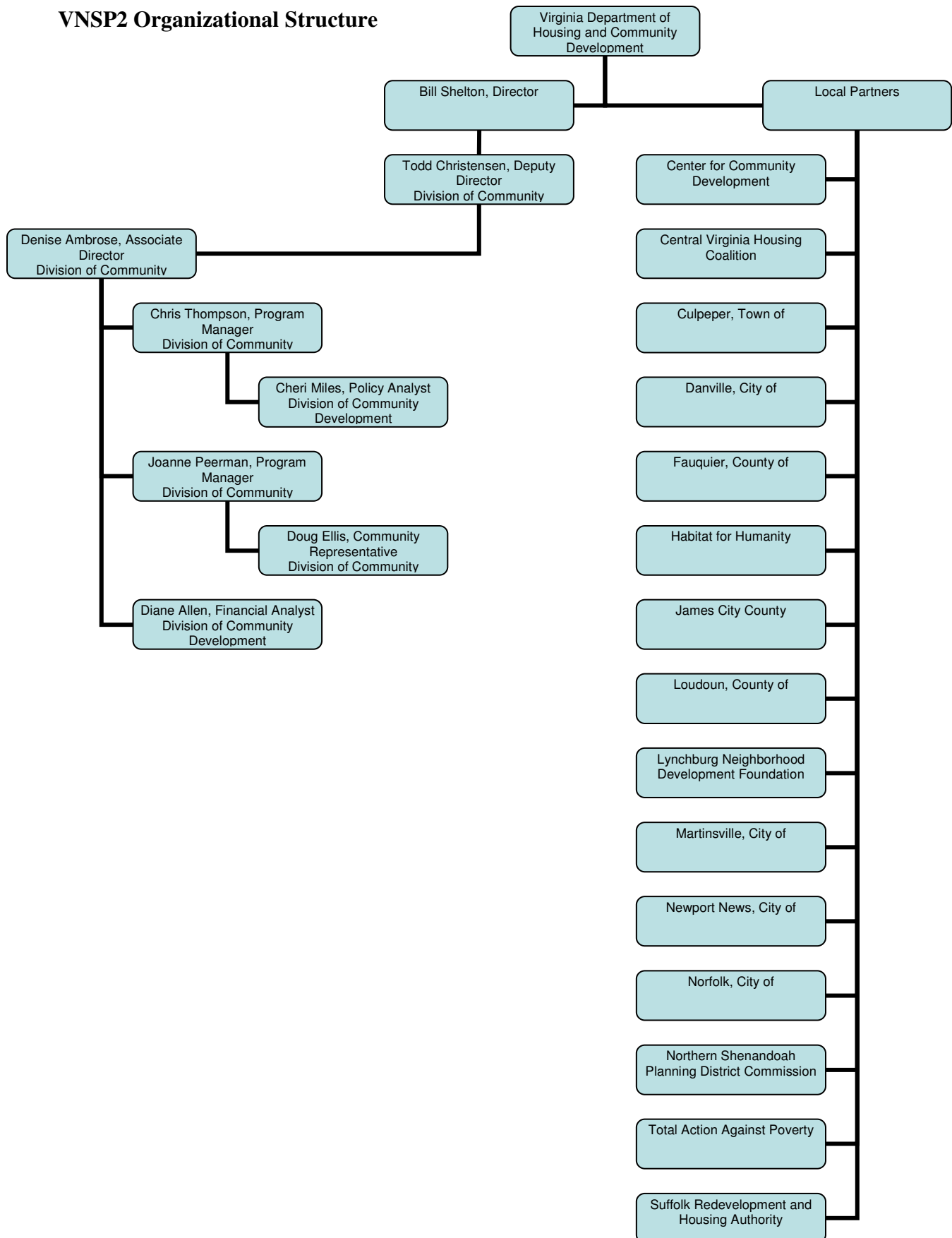
Mr. oversees the agency's planning department and has helped establish or expand major initiatives to fulfill agency mandates including an array of fatherhood programs, expanded employment and training resources, housing programs, financial literacy and business development, community technology centers, development of agency revenue streams, and community facilities.

TAP will act as the general contractor for the NSP2 project and hire subcontractors to complete the majority of the rehabilitation work.

Paul Phillips – President / CEO, Freedom First Federal Credit

Mr. Phillips will act as a local lender consultant to the project. He has extensive banking and lending experience, having served as the Vice President of Lending at both Western Vista Federal Credit Union in Cheyenne, Wyoming (1993-1998) and at Freedom First Federal Credit Union in Roanoke, Virginia (1998-2000).

VNSP2 Organizational Structure



Rating Factor 3: Soundness of Approach

a. Proposed Activities

The Virginia Neighborhood Stabilization Program 2 (VNSP2) will be operated in a similar manner as the ongoing Virginia Neighborhood Stabilization Program 1 (VNSP1) that was authorized under HERA, with the purpose is to assist in the redevelopment of abandoned and foreclosed homes. VNSP funds will be targeted to clearly identified areas that demonstrate a significant need and the ability to significantly impact and stabilize the proposed project area. The program is not intended to address every foreclosed home in an eligible community; instead, this is intended to serve as a catalyst to the private market, to reach a tipping point at which the private market will resume investment in those impacted communities. Additionally, the program will help stabilize property values and address properties that are at risk of becoming sources of blight.

Through this program, emphasis is placed on projects that retain the fabric of the existing neighborhood and priority is placed on projects that provide homeownership opportunities for eligible clients. It is the intent of the Virginia NSP to ensure that projects will not significantly change the preexisting nature, characteristic, or stability of that neighborhood.

The VNSP2 will build upon efforts already initiated by the State as part of VNSP1. Eleven of the proposed fifteen partners for VNSP2 are currently working on VNSP1. The new program will allow these partners to bring additional resources and expand their efforts in their targeted communities. Additionally, four new partners will participate in VNSP2, bringing assistance to communities that otherwise would continue to suffer because of the rising numbers of foreclosures. DHCD has developed a model by which the original NSP investment will result in significant program income, which in turn will allow the original NSP investment to be leveraged for the continuation of approved activities.

Eligible Activities

All activities authorized under the NSP are eligible activities, however, certain activities are considered to be higher priority based on the needs identified in the state. The primary activities to be undertaken will include acquisition, rehabilitation, property transfer, and use of funds for downpayment and closing cost assistance. To a lesser extent, funds may be, on a case-by-case basis, utilized for demolition of blighted housing units, but only in a limited manner and only as part of other NSP activities in a neighborhood. Similarly, some new housing units may be constructed, again, on a case-by-case basis, if justified and fitting within the current character of a neighborhood. It is DHCD's intention that the use of NSP funds will result in eligible properties being bought and inhabited by eligible households. Except in unusual situations the expenditure of NSP funds will directly relate to this outcome and the regeneration of private real estate activities. As noted below, approximately 12 units will be retained as rental units or for use as supportive housing. These will be targeted for persons at or below 50 percent AMI.

Proposed Outputs by Activity

Applicant	Units Proposed				Request
	Acquired	Rehabbed	Resold	Rental / Supportive Housing	
Danville, City of	20	20	15	5	\$1,897,000
Fauquier, County of	10	10	8	2	\$2,000,000
Center for Community Development (serving areas in Portsmouth and Newport News)	10	10	10		\$1,701,000
Culpeper, Town of	10	10	10		\$2,000,000
James City County	12	12	12		\$3,187,000
Lynchburg Neighborhood Development Foundation (serving the City of Lynchburg)	15	15	14	1	\$1,500,000
Newport News, City of	16	16	12	4	\$1,500,000
Central Virginia Housing Coalition (serving Counties of Stafford and Spotsylvania and City of Fredericksburg)	20	20	20		\$4,000,000
Loudoun, County of	19	19	19		\$4,000,000
Martinsville, City of	24	24	24		\$3,393,800
Norfolk, City of	12	12	12		\$2,000,000
Northern Shenandoah Regional Commission (serving Counties of Warren and Shenandoah)	8	8	8		\$4,000,000
Total Action Against Poverty (serving Cities of Roanoke and Covington and Town of Clifton Forge)	25	25	25		\$1,625,000
Suffolk Redevelopment and Housing Authority (serving City of Suffolk)	8	8	8		\$500,000
Habitat of Virginia (working with local affiliates in qualified areas)	70	70	70		\$7,000,000
TOTAL	279	279	267	12	\$40,303,800

Pay for Performance

All VNSP Grant Agreements are performance-based contracts. The administrative section of the Project Budget must be based on activities completed or milestones achieved rather than for time and materials.

Administration costs are limited to 10 percent of the total NSP grant awarded. For VNSP2, administrative funds will be split between DHCD and the local partners, with DHCD

maintaining 25 percent and 75 percent available to local partners. If the local partner has an approved Program Income Plan that will continue the same activity in the same location, up to 8 percent of the Program Income generated will be available for administrative purposes for the local partner (with DHCD retaining 2 percent). Again, the intent of the program is to heavily leverage the NSP funds and recapture all funds utilized for acquisition and rehabilitation in order to continue the program at a level beyond the initial award. This will provide greater opportunity to impact communities by addressing a greater number of housing units than noted in the proposal.

Program Delivery Costs

DHCD has developed a program delivery model to provide payment based on a local partners' performance. Program Delivery costs includes all costs associated with the implementation of the NSP. Program Delivery costs do not include:

- The cost of administering the project*,
- The cost of the actual NSP activities*, or
- Any cost that is ineligible for NSP funding.

* *These costs are eligible under other budget line items (i.e. administrative, rehab, acquisition)*

All Program Delivery fees are performance based and will be limited to a maximum based on the scale below. Performance based fees are intended as a lump sum payment to cover costs that are not directly related to an NSP activity. Costs directly related to an activity (i.e., closing costs) are intended to be included as activity costs. Local partners are responsible for maintaining documentation that the Program Delivery fees received are for eligible NSP Program Delivery items. It should be noted this model is currently in being utilized in the VNSP1 and was developed in consultation with stakeholders. This was developed as an alternative to a flat developers fee for each project and is felt will result in greater performance.

Program Delivery Eligible Expenses:

<i>Activity</i>	<i>Single Family Detached Dwelling</i>	<i>Single Family Attached Dwelling (2-4 units)</i>
<i>Acquisition / Not to Exceed</i>	\$ 5,000 per unit / N/A	\$ 3,000 per unit / NTE \$ 10,000/property
<i>Rehab Specialist / Not to Exceed</i>	10% of NSP rehab cost up to \$ 2,500 per unit	10% of NSP rehab cost up to \$ 2,500 per unit
<i>Eligible Homebuyer Commitment</i>	\$ 5,000 per household	\$ 5,000 per household (homeowner only)
<i>Occupancy Bonus</i>	\$ 2,500	\$2,500
<i>Maximum / Unit</i>	\$ 15,000	\$ 13,000

Please note:

- Acquisition expenses may be requested in a lump sum after the closing on the property is complete and the grantee or its agent receives title to the property.
- Rehab Specialist expenses may only be requested in a lump sum after all rehabilitation work is complete unless it is scheduled differently in a pay-for-performance budget.
- Eligible Homebuyer Commitment expenses may be requested when a contract is executed for the purchase of a property. Grantee will only be able to request this one time for a single unit or eligible homeowner and will be responsible for returning the funds if the sale does not close.
- Occupancy Bonus may be requested upon the closing of the sale.

Rental Occupancy: \$2,500, not to exceed \$10,000 per project is available for occupancy of an eligible tenant if no other developer or administrative fees are available.

Supportive / Special Needs Housing: Up to \$5,000 will be available upon acquisition of an eligible building / property. Ten percent of NSP rehab cost up, to \$ 2,500 per unit will be available per project.

All remaining VNSP funds, after the deduction of administration and program delivery costs, are activity costs. Activity costs are subject to the following:

- Acquisition costs are not subject to a specific, per unit maximum; however, acquisition amounts must be at an appropriate level to benefit LMMI households. DHCD reserves the right to limit the per unit acquisition allowance when the intended property does not appear appropriate for LMMI benefit.
- Costs associated with the transfer (sale) of a property will be limited to down-payment and closing costs assistance. All other expenses will be considered Program Delivery costs.
- Downpayment assistance is allowable if it is expressly needed for approval of the mortgage. Financing which does not require buyer mortgage cash equity participation will not be eligible for NSP downpayment assistance.
- NSP downpayment assistance is limited to 3 percent of total sales price and must be matched in cash by the homebuyer. Assistance will be attached to the property as a lien, payable upon resale. This lien may be forgiven at the end of ten years.

Proposed Expenditures by Activity

- Rehabilitation costs are limited to \$45,000 per unit. Local partners may utilize additional, non-VNSP funds for rehabilitation as well. Rehab costs have been estimated at \$30,000 per unit for a total of \$8,370,000.
- Acquisition costs are approximated to range between \$75,000 - \$140,000 for housing units, depending on the age, condition, and location. For purposes of this application, acquisition costs have been estimated to average \$125,000 per unit, for a total of \$34,875,000.
- *Rehabilitation and acquisition costs are expected to be recovered upon resale, therefore resources are leveraged and additional units may be completed. This policy will only be waived in instances where a local partner needs to provide additional subsidy to reach the deep targeting requirements (25/50 rule). This explains why combined, rehab and acquisition costs exceed the total requested.*

- Administrative costs will not to exceed 10 percent of VNSP2 award. If fully funded, DHCD will retain up to \$1,007,595 and local partners will retain up to \$3,022,785.
- As described above, Program Delivery fees are available when certain performance targets have been achieved. It is expected that Program Delivery fees may account for \$4,635,000 of the VNSP2 award.
- Downpayment assistance for approximately 200 of the assisted units is budgeted at \$3,000 per house, for a total of \$600,000.
- Closing cost assistance has been estimated at \$1,250,000.

The following Definitions and Descriptions apply to VNSP2.

Abandoned:

A home is abandoned when mortgage or tax foreclosure proceedings have been initiated, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Foreclosed:

A property is foreclosed at the point mortgage or tax foreclosure is complete, and title from the property has been transferred from the former owner under foreclosure proceeding or deed in lieu of foreclosure.

Blighted:

Per Virginia Code, *blighted area* means any area that endangers the public health, safety or welfare; or any area that is detrimental to the public health, safety, or welfare because commercial, industrial, or residential structures or improvements are dilapidated, or deteriorated or because such structures or improvements violate minimum health and safety standards. This definition includes, without limitation, areas previously designated as blighted areas pursuant to the provisions of Chapter 1 (§ 36-1 et seq.) of this title.

Affordable Rent:

The minimum standards for affordability of rents will be the guidelines established by the HOME program.

b. Project completion schedule

DHCD is very aware of the relatively short amount of time to successfully implement this program. DHCD has learned from experience several methods for ensuring that project milestones and deadlines are met. DHCD has developed a comprehensive Project Management Manual that is provided to each local partner. This manual outlines not just the rules and regulations for the program, but also contains numerous tools and checklists that clearly illustrate the activities that will be undertaken through the NSP, who the responsible parties are, and the expected timeline for completion. While too extensive to include as part of the proposal, this manual can be found online at:

<http://www.dhcd.virginia.gov/NSP/PDFs/2009%20NSP%20Manual%20.pdf> .

DHCD requires each local partner to form a **Project Management Team** to oversee the project. The Team is made up of stakeholders who have direct responsibility or oversight of specific activities necessary for the successful completion of the project. Typically, the Team consists of

the Chief Executive Officer (who serves as the chair), project administrator, management consultant, rehabilitation specialist, building official, lending professional, assessor, elected official, realtor, homeownership counselor, and other relevant stakeholders. The purpose of a Project Management Team is to monitor the project's progress and to assure the project's success. To accomplish this purpose, the team members must be committed to doing the following:

- Attend meetings regularly;
- Carry out assignments between meetings;
- Come prepared to report back on the progress of assigned tasks;
- Fully participate in discussions; and
- Be committed to the project being completed on time, questioning any delays and identifying corrective action.

DHCD staff will also participate with the management team on an as-needed basis.

Part of the management team process includes responsibility charting, a method for ensuring that all parties are aware of their and others' roles and understand how the process under VNSP will flow. Below is an example that has been developed for use in the Virginia program.

Action	Responsible	Timeframe
Administration and Compliance	Grant Administrator and/or Management Consultant	Ongoing
Identify property owner	Grant Administrator, Acquisition Specialist	2-3 weeks
Appraisal Grant	Administrator, Acquisition Specialist, Appraiser	2 weeks
Rehab Estimate	Grant Administrator, Rehab Specialist	2 weeks
Acquisition	Grant Administrator, Acquisition Specialist, Realtor	1-2 weeks
Rehab Grant	Administrator, Rehab Specialist, Contractors	3-4 weeks
Inspections (weekly)	Rehab Specialist	Through rehab completion
Identify Homebuyer Pool	Non-Profit Organization Partner, Grant Administrator	2-4 weeks
Homebuyer Counseling	NPO Certified Housing Counselor	Weekly
Facilitating the acquisition of a mortgage loan	Grant Administrator and Housing Counselor	2 weeks
Loan Processing	Loan Specialist, Lender	3-4 weeks
Sale of Property	Grant Administrator, Realtor	
Monitoring/Closeout	Grant Administrator, Finance Person	Ongoing

Neighborhood Stabilization Program Boot Camp

DHCD has worked closely with its partners to ensure that performance goals are achievable within the three-year period allowed by NSP. All partners have certified they are able to meet the target for expenditure of funds (50 percent by end of year 2, complete expenditure by end of year 3). DHCD has already developed processes for jump-starting the VNSP and are prepared to act as soon as an award is made. One innovative process for timely delivery has been the development of a fast tract or **Boot Camp** program. The need to develop new relationships, coupled with the incredibly short amount of time allowed to spend the NSP allocation, has required DHCD to develop a new way of thinking in terms of service delivery. Beyond just drafting a "how to" guide for grantees, DHCD staff developed an onsite, hands-on program that helps walked grantees through the steps of identifying properties, visiting properties to assess rehab needs, drafting appropriate acquisition notices and contacting property owners, evaluating the appropriate offer price, ordering appraisals, coordinating with a housing counselor to ensure that interested, eligible, and qualified clients are available, and so on...all of the initial steps necessary to begin immediately.

Once on the ground, DHCD staff take the lead in working through the first few properties to illustrate how the process should flow, and then the leadership role is turned over to the management team, with DHCD offering assistance as needed.

Boot Camp not only provides the process, it pulls together the management team and provides an opportunity for all members to establish and understand their roles and responsibilities. Management team members that participate typically include the NSP grant administrator, rehab specialist, realtor, housing counselor, and others necessary for the acquisition approval process.

In addition to the intensive, direct technical assistance, DHCD staff have prepared a number of tools and resources to complement the Boot Camp program. These include checklists to help prepare for initial walk-through visits and offers, action reports to monitor progress and make sure deadlines are met, and reminders for what information must be submitted to DHCD and when this is required.

Boot Camp has helped put in place competent, quick thinking, action-oriented management teams with our partners. These teams, with the help of DHCD staff, build confidence and most importantly, beginning the property identification and acquisition process without delay. DHCD is providing immediate, on-site technical assistance in a manner that teaches by doing; fieldwork that is part of Boot Camp is in turn used as the initial set of properties for the NSP. At the conclusion of Boot Camp, the intent is to have at least 3-4 sales contracts drafted, appraisals ordered, and families identified and line up for the houses. This model will continue to be used for VNSP2.

c. Income targeting for 120 percent and 50 percent of median

As described previously, combined over the past two years, over 1,000 clients have become homeowners as a result of participation in the local partners' programs. Additionally, a strong pool of prospective homeowners currently exists throughout the partners' programs. As part of preparation for this proposal, all partners identified strategies for meeting the target of expending at least 25 percent of their award on housing solutions for persons at or below 50 percent of median income. Most of these partners have strong homeownership programs or collaborate

with other organizations for this function and will not have any difficulty achieving this target through homeownership creation. This is particularly true for the Redevelopment and Housing Authorities and for Habitat for Humanity, organizations that routinely work towards homeownership creation at or below that target range. Beyond homeownership, nine units are targeted for use as rental housing for persons at or below 50 percent median income, and three units will be utilized for supportive housing. Each local partner will be obligated through contract to meet this goal and will be monitored for compliance.

It should be noted that VHDA has added a 30 point bonus category for applicants that will be utilizing NSP resources to the rating criteria for the SPARC program.

d. Continued affordability

The proposed rent structure for assisted properties must be reviewed and approved by DHCD to determine the amount that will be considered Program Income.

DHCD will ensure continued affordability by requiring that all loans be secured by a Deed-of-Trust. The nature of equity at resale, continued affordability, and future income to the Virginia NSP must be addressed and approved by DHCD.

HOME standards will be used to establish minimum affordability standards. The HOME standards include the items listed below:

Affordability Period

To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. For homebuyer and rental projects, the length of the affordability period depends on the amount of the HOME investment in the property and the nature of the activity funded. A table illustrates the affordability periods below:

HOME Investment per Unit Length of the Affordability Period

Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
New construction of rental housing	20 years
Refinancing of rental housing	15 years

e. Consultation, outreach, communications

DHCD has taken numerous steps to solicit public input and to maintain an open line of communication for the NSP. The Virginia NSP Action Plan and the VNSP2 Proposal has been developed with the full advice and involvement of stakeholders across the Commonwealth.

Action Plan

Prior to the publication of the draft Virginia NSP Substantial Amendment, DHCD conducted a number of meetings with housing and community development professionals from across the state to discuss how to develop an effective program.

On October 23, 2008, as part of this effort to gain input, representatives from the most impacted areas of the state were invited to an input session in Richmond. Following an introduction and overview of the program, attendees were separated into small focus groups and led through a series of questions aimed at helping to develop the policies and procedures for the Virginia NSP. This input was made available through DHCD's website.

Subsequently, DHCD developed a draft NSP Substantial Amendment that was posted on the DHCD website at: http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Neighborhood_Stabilization_Program.htm on Monday, November 10, 2008. The availability of this was also advertised in four regional newspapers (Potomac News, Richmond Times-Dispatch, Virginian Pilot, and Roanoke Times Dispatch).

On November 20, 2008, DHCD convened a second open public input session to solicit feedback on the draft plan. The open window for public comments closed on November 25, 2008. Comments were then reviewed and as appropriate, incorporated into the Action Plan.

Frequently Asked Questions

DHCD has developed a set of Frequently Asked Questions that are distributed through the website and through email. These FAQs are regularly updated and are used to communicate new policy guidance.

Tips and Techniques

DHCD has also developed a new email newsletter for the VNSP that is disseminated to existing partners. This newsletter is used to discuss best practices, announce achievements by our partners, and to issue reminders of program requirements.

Email Communication

For fast and efficient delivery of news, DHCD continues to compile an email directory of parties interested in VNSP. This email list is used to announce upcoming meetings, distribute newsworthy information, and to solicit input when necessary.

VNSP2 Proposal Development

To solicit feedback and determine if there was interest in pursuing a state-led proposal for NSP2 funds, DHCD convened an Interchange on June 5, 2009 in Richmond. This interchange was the springboard for the development of the NSP2 proposal. Nearly 60 people participated in the interchange and from that meeting, fifteen partners were identified for this proposal.

In preparation of the proposal, an announcement was posted on the DHCD website on Thursday, July 2, 2009 and published in newspapers covering the affected geographic regions. These newspapers included the Richmond-Times Dispatch, Potomac News, Virginia Pilot, Roanoke Times Dispatch, Bristol Herald Courier, and the Daily Press. The announcement included

information on the VNSP2 proposal and described the means for providing comment and input through July 12, 2009. This is further detailed in *Appendix 4*.

Outreach

DHCD continues to promote the NSP through meetings, workshops, and other public means. DHCD has also developed two brochures that are provided to local partners as a means of marketing the program. One brochure is aimed at prospective families and discusses the intent of the program and how they can obtain more information about VNSP activities in their community. The second brochure is aimed at more effectively communicating the VNSP to realtors and lenders—critical partners in the success of the program.

f. Performance and monitoring

As previously discussed, DHCD and the local partners are very aware of the need to perform very quickly and efficiently under this program. One major innovative step to ensure performance is the design of the VNSP Boot Camp (see page 34), which has helped to jump-start local partners and provide intensive, hands-on technical assistance and mentoring. Another method for spurring performance is through the use of performance-based contracting. All VNSP2 contracts will be performance-based, so funding will only be made available as certain established objectives are met.

The Project Management Manual discusses in detail the reporting and monitoring requirements. One of the requirements for this program is the development of the **Project Management Plan** (PMP). It is a DHCD required management tool that enables the local partner to know where the project is going and how it will get there. As part of the regularly scheduled Project Management Team meetings, the PMP will be reviewed and compared with actual progress. If the review determines something is “amiss” in the project (i. e., timeline and budget) then the Project Management Team can use the meeting to identify the necessary corrective action.

Technical Assistance and the Community Representative

The Community Representative is responsible for direct technical assistance and for assuring that each assigned local partner achieves stated performance and compliance requirements. Doug Ellis will serve as the primary Community Rep for NSP (his background is discussed on page 18). The Community Rep is responsible for helping the local partner get under contract, providing technical assistance as needed, participating in Boot Camp, providing onsite and desktop compliance monitoring, ensuring that Project Management Plans are being adhered to, and reviewing all reporting documentation. Technical assistance is also provided by the Associate Director, who is responsible for contract negotiations, program management design, and policy and overall administration, the Program Manager, who is responsible for uniform policy implementation and program management by the staff of Community Representatives, and the Financial Analyst who is responsible, for assuring accountability of funds, technical assistance in financial management, audit control and management. These persons are described more fully in starting on page 17.

Progress Reports

Progress reports are required at a specific time and are intended to provide necessary information regarding the progress, obligations and expenditures that have occurred to date. Their main

purpose is to ensure that the local partner and DHCD are aware of the programmatic and financial status of the project and that sufficient financial resources are on hand to complete the project's activities.

A progress report does not entail any action or response on the part of DHCD unless it indicates actual or potential problems in the implementation of the project in accordance with the contract documents. In many cases the minutes of the monthly Management Team meeting may serve as a Progress Report. These minutes shall be distributed to all members of the Management Team, inclusive of DHCD's Community Representative, within ten days of each meeting.

Quarterly Updates

The local partner must report the benefits, match and accomplishments achieved each quarter. DHCD will transmit the pre-printed report to the local partner at the end of the quarter so they can complete and return the report within two weeks. This data will be used to comply with HUD's reporting system.

Annual Expenditure Report

The Annual Expenditure Report is another preprinted form, which requires financial data specific to the project. This report is usually sent out prior to a Compliance Review or in lieu of a financial review. Failure to properly complete this report can lead to a Financial Finding.

Final Closeout Reports

Once all NSP funds but the last 5% of the administrative costs are drawn down and the Final Compliance Review has taken place, the project is ready to be administratively closed out. DHCD will send to the local partner a Letter of Conditions, which identifies what has to be done to achieve final closeout. Along with the letter, DHCD will send the Final Closeout Reports or "the blue forms." They usually consist of the following five reports: a Final Financial Report, a Final Construction Report, a Final Evaluation Report, a Program Income Report, and a Leverage Report.

Recordkeeping

The local partners *must* maintain a separate acquisition file for each real property acquisition for at least five (5) years after Final Closeout, final settlement of the acquisition, or the disposition of the applicable relocation records, whichever is later. Generally speaking, each separate acquisition file must document that the owner received the *Preliminary Acquisition Notice*, the brochure *When a Public Agency Acquires Your Property*, an invitation to accompany the appraiser, a written offer to purchase, a *Statement of Settlement Costs*, etc..., as appropriate under the requirements of the Uniform Relocation Act.

Rating Factor 4: Leveraging other funds, or removal of substantial negative effects

The model employed in the Virginia NSP will result in significant leveraging of NSP funding through the use of Program Income. Unless an exception is granted, DHCD does not intend to leave any VNSP funds utilized for acquisition or rehabilitation in the affected properties. Therefore, these funds will be available for repeated use as only those funds allowed for administration, downpayment and closing cost assistance, and program delivery will not be recovered.

Local partners have documented non-mortgage contributions of \$1,448,500. This constitutes actual cash commitments and does not account for in-kind contributions. Most of the funding will either come from HOME allocations or local government contributions and will typically be used for downpayment assistance and closing costs.

Additional leverage is expected to be made available, however the commitments could not be solidified for many sources. For example, many partners intend to utilize weatherization funds, however this could not be completely quantified due to the income restrictions, instead, these commitments will be made available as situations permit. Additionally, Habitat for Humanity will secure a significant amount of volunteer labor and donated materials for the VNSP2, however, the extent at this time is not known. The following table summarizes the amount of leveraged funds pledged for this proposal.

Applicant	Leverage Committed	Source Federal	Source Non-Federal	Use
Center for Community Development, Inc	\$85,000	HOME		Downpayment assistance and closing costs
James City County	\$231,000	Federal Home Loan Bank (\$40,000); HOME (\$160,000); Family Self-Sufficiency (\$25,000)	Local (\$6,000)	Downpayment assistance and closing costs
Loudoun, County of	\$500,000		Local	Downpayment assistance and closing costs
Norfolk, City of	\$275,000	HOME		Downpayment assistance and closing costs
Northern Shenandoah Valley Regional Commission	\$310,000	HOME (\$210,000), LIHEAP (\$100,000)		Downpayment assistance and rehabilitation
Danville, City of	\$187,500	HOME (\$125,000). CDBG (\$62,500)		Rehabilitation
Suffolk RHA	\$47,500	HOME		Downpayment assistance and closing costs
TOTAL	\$1,636,000	1,130,000	506,000	

The leverage ratio for this proposal is: 4.1

It should be noted that VHDA has added a 30 point bonus category for applicants that will be utilizing NSP resources to the rating criteria for the SPARC program.

Rating Factor 5: Energy-efficiency improvement and sustainable development factors

a. Transit accessibility

Due to the nature of this application, where a number of local partners have assembled under one application, the availability of transit-accessible Census tracts varies. Listed below are the tracts that have been determined to meet the defined thresholds:

• 2127.01	• 6110.04	• 6112.04	• 51770000800
• 303	• 6110.07	• 6112.03	• 51770001000
• 204	• 6110.06	• 6112.05	• 51770001300
• 205	• 6110.02	• 6115.00	• 51770002200
• 206	• 6111.01	• 6116.00	• 6106.0
• 61	• 6111.02	• 6117.00	• 6105.01
• 303	• 6112.01	• 6110.05	• 6105.02
• 304	• 6112.02	• 6114.00	• 6106.02
• 305	• 6107.00	• 6113.00	• 6101.00
• 306	• 6104.00	• 6110.03	• 6102.00
• 803.1		• 51770000700	• 6110.01

The following tracts are bordered by tracts that are transit eligible:

- 2131.04, 2131.03

b. Green building standards

Green building has become an increasingly important topic in the light of escalating energy costs and diminishing natural resources. In keeping with HUD's guidelines for the Neighborhood Stabilization Program, DHCD is advocating green building to encourage applicants to incorporate modern, energy-efficiency improvements in rehabilitation activities to promote long-term savings and increased sustainability. Many programs have adopted their own standards that include the use of EnergyStar appliances, coordination of rehabilitation to meet weatherization standards, and in cases of new construction, Earth-Craft standards.

DHCD has developed a "Go-Green" checklist that includes methods and materials relating to energy efficiency, landscaping, construction, indoor air quality, and building materials. This checklist has been made available to all VNSP1 partners, as well a checklist that can be used during the bid process.

Any rehabilitation will to the extent necessary comply with applicable laws, codes and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Housing units receiving rehabilitation assistance under the VNSP must at a minimum be rehabilitated to meet DHCD Housing Quality Standards (HQS). These standards are available online at; <http://www.dhcd.virginia.gov/NSP/CompetitiveRFP.pdf>.

Appendix 1 – Letters of Support, Local Partners

Appendix 2 – Letters of Commitment / Leverage

Appendix 3 – Code of Conduct

The code of conduct for the Virginia Department of Housing and Community Development is on file with the U.S. Department of Housing and Urban Development.

Appendix 4 – Citizen Participation

To solicit feedback and determine if there was interest in pursuing a state-led proposal for NSP2 funds, DHCD convened an Interchange on June 5, 2009 in Richmond. This interchange was the springboard for the development of the NSP2 proposal. Nearly 60 people participated in the interchange and from that meeting, fifteen partners were identified for this proposal. Attached are summary notes from the session.

In preparation of the proposal, an announcement was posted on the DHCD website on Thursday, July 2, 2009 and published in newspapers covering the affected geographic regions. These newspapers included the Richmond-Times Dispatch, Potomac News, Virginia Pilot, Roanoke Times Dispatch, Bristol Herald Courier, and the Daily Press. The announcement included information on the VNSP2 proposal and described the means for providing comment and input through July 12, 2009. The announcement was posted to the following DHCD pages:

- <http://www.dhcd.virginia.gov/>
- <http://www.dhcd.virginia.gov/nsp>

No comments were received.

Appendix 5 – Certifications

Appendix 6 – Rehabilitation Standards

The phrase “housing rehabilitation” applies to all residential improvements made on private property with NSP funds. All rehabilitation work must be done in conformance with the DHCD Housing Quality Standards

The local partner will contract improvements to the property ranging from minor repair to construction rehab (not to exceed \$45,000 per house) necessary to bring the property up to DHCD Housing Quality Standards (HQS) while keeping the home’s integrity in line with the character of the surrounding neighborhood. The Rehabilitation Specialist shall use DHCD's Section 8 Field Inspection Checklist to review and determine the need and eligibility of rehab work to be done on each house.

Steps include:

- a. Procure Rehab Specialist and pre-qualify contractors;
- b. Complete HQS inspection to identify deficiencies;
- c. Prepare cost estimates and work write-ups;
- d. Host pre-bid conference;
- e. Solicit bids from area contractors;
- f. Review of bids and award of rehabilitation contract;
- g. Pre-construction conference takes place;
- h. Contractor rehabilitates the property to HQS;
- i. Post-rehabilitation DHCD HQS inspections are performed;
- j. Punch list is developed and completed as necessary;
- k. House is ready for sale to qualified low-, moderate- or middle-income family.

As required under VNSP2 all housing construction will meet the accessibility standards at 24 CFR part 8, and be energy-efficient and incorporate cost effective green improvements. All gut rehabilitation of residential buildings up to three stories will be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation of mid -or high-rise multifamily housing will be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken with Energy Star-labeled products. Water-efficient toilets, showers, and faucets, such as those with the WaterSense label, will be installed.

The full set of standards may be found at:

<http://www.dhcd.virginia.gov/NSP/CompetitiveRFP.pdf>.

DHCD conducts regular training for rehab specialists.

Appendix 7 – Targeted Geography

Census Tract	State	NFORECLOSE	NVACANCY	NMAX
51710006100	VA	19	12	19
51047990200	VA	20	12	20
51047990300	VA	18	17	18
51047990500	VA	20	11	20
51680000400	VA	13	18	18
51680000600	VA	16	20	20
51680001100	VA	12	20	20
51680001200	VA	15	20	20
51177020103	VA	20	1	20
51177020301	VA	20	9	20
51630000300	VA	14	14	14
51179010404	VA	18	10	18
51179010206	VA	19	1	19
51590000600	VA	18	20	20
51590001000	VA	17	20	20
51690000100	VA	17	19	19
51690000200	VA	19	20	20
51690000300	VA	15	19	19
51690000400	VA	18	20	20
51061990403	VA	16	12	16
51061990702	VA	20	1	20
51061990701	VA	18	1	18
51107610100	VA	17	1	17
51107610200	VA	18	1	18
51107610700	VA	20	1	20
51107610400	VA	12	10	12
51107610601	VA	17	6	17
51107610501	VA	20	11	20
51107610502	VA	20	1	20
51107610602	VA	20	11	20
51107611001	VA	20	3	20
51107611004	VA	17	1	17
51107611008	VA	18	1	18
51107611007	VA	20	1	20

51107611006	VA	14	1	14
51107611002	VA	11	1	11
51107611101	VA	15	4	15
51107611102	VA	18	1	18
51107611201	VA	18	1	18
51107611202	VA	16	7	16
51107611204	VA	19	13	19
51107611203	VA	19	8	19
51107611205	VA	18	11	18
51107611500	VA	19	11	19
51107611600	VA	20	11	20
51107611700	VA	20	17	20
51107611300	VA	19	10	19
51107611400	VA	19	14	19
51107611800	VA	20	3	20
51107611005	VA	18	1	18
51107611003	VA	20	1	20
51700030300	VA	19	17	19
51700030400	VA	18	18	18
51700030600	VA	17	19	19
51700030500	VA	18	20	20
51069050800	VA	20	3	20
51069051000	VA	20	11	20
51069051100	VA	20	8	20
51187020500	VA	16	19	19
51187020600	VA	19	9	19
51187020400	VA	17	17	17
51095080301	VA	15	1	15
51740212701	VA	18	18	18
51740213104	VA	19	1	19
51740213103	VA	18	7	18
51770000700	VA	16	18	18
51770000800	VA	17	19	19
51770001000	VA	15	20	20
51770001300	VA	13	18	18
51770002200	VA	10	19	19
51580060100	VA	11	18	18
51800065300	VA	13	15	15
51800065500	VA	18	17	18

51510200103	VA	18	13	18
51510200401	VA	18	13	18
51520020300	VA	13	18	18
51033990500	VA	20	1	20
51047990100	VA	20	7	20
51590000200	VA	15	18	18
51590000300	VA	17	20	20
51590000400	VA	18	20	20
51590000800	VA	15	18	18
51590000900	VA	16	19	19
51590001100	VA	17	20	20
51590001300	VA	16	18	18
51590000700	VA	12	19	19
51059421100	VA	19	8	19
51059421600	VA	19	16	19
51059421700	VA	20	14	20
51059421800	VA	19	14	19
51059422100	VA	20	3	20
51059422300	VA	18	10	18
51059422400	VA	18	11	18
51059430200	VA	19	8	19
51059430800	VA	18	11	18
51059431000	VA	18	9	18
51059431800	VA	18	7	18
51059432700	VA	18	7	18
51059452300	VA	18	13	18
51059480900	VA	20	13	20
51059480500	VA	20	9	20
51059480800	VA	19	10	19
51059481100	VA	19	3	19
51059481200	VA	18	11	18
51059482200	VA	19	10	19
51059482300	VA	20	11	20
51059482500	VA	19	3	19
51059482600	VA	18	1	18
51059491400	VA	20	1	20
51059491800	VA	18	1	18
51059491100	VA	20	1	20
51059491200	VA	19	1	19

51059491300	VA	20	1	20
51059491600	VA	19	1	19
51059491700	VA	18	8	18
51059492200	VA	18	4	18
51065020100	VA	19	1	19
51073100200	VA	18	1	18
51083990800	VA	12	18	18
51101950100	VA	18	1	18
51109950200	VA	18	1	18
51109950300	VA	18	1	18
51683910100	VA	19	14	19
51683910200	VA	20	13	20
51683910300	VA	20	14	20
51683910400	VA	20	17	20
51685920200	VA	19	12	19
51685920100	VA	20	19	20
51137990102	VA	18	1	18
51137990101	VA	20	1	20
51730810100	VA	18	20	20
51730810400	VA	18	20	20
51730810300	VA	15	20	20
51730810700	VA	17	19	19
51730810800	VA	15	20	20
51730810600	VA	15	18	18
51171040100	VA	18	12	18
51187020100	VA	20	1	20
51187020300	VA	18	1	18
51193990400	VA	15	19	19
51195991100	VA	16	18	18
51840000100	VA	18	19	19
51153900100	VA	19	10	19
51153900300	VA	20	11	20
51153900403	VA	20	10	20
51153900404	VA	20	11	20
51153900406	VA	20	8	20
51153900405	VA	20	12	20
51153900500	VA	20	13	20
51153900600	VA	20	12	20
51153900700	VA	20	8	20

51153900800	VA	20	14	20
51153900901	VA	20	19	20
51153900902	VA	20	12	20
51153900903	VA	20	11	20
51153901001	VA	20	1	20
51153901006	VA	20	3	20
51153901007	VA	20	1	20
51153901008	VA	19	5	19
51153901203	VA	19	12	19
51153901209	VA	20	8	20
51153901210	VA	20	5	20
51153901212	VA	20	11	20
51153901211	VA	20	14	20
51153901213	VA	20	11	20
51153901214	VA	20	9	20
51153901217	VA	19	6	19
51153901218	VA	20	1	20
51153901220	VA	20	8	20
51153901221	VA	19	5	19
51153901223	VA	20	8	20
51153901301	VA	19	1	19
51153901302	VA	19	1	19
51153901403	VA	19	13	19
51153901404	VA	20	15	20
51153901405	VA	20	1	20
51153901406	VA	20	1	20
51153901501	VA	20	1	20
51153901502	VA	19	3	19
51153901601	VA	19	16	19
51153901602	VA	20	15	20
51153901701	VA	20	18	20
51153901702	VA	19	18	19
51153901900	VA	19	13	19
Average Max Score				18.91
Qualified				

Appendix 8 – References

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